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Pragati

The Indian National Interest Review

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Pseudo-liberals and neo-colonisers

Are they strengthening the fundamental liberal values among people?

Tharique Azeez



Unlike other governments in the past, the United Progressive Alliance governments have got into problems of varied kinds of their own making. When every quarter in this country recognises that the ruling government at the Centre is fundamentally weak, indecisive and unable to think properly for taking policy reforms to the next level, the angry members of civil society organisations are busy targeting select policy makers. The fact that their

arguments are not sound, only reveals that they care no better than the policy makers whom they target. The question here remains, why attack select policy makers alone?

The debate in the Parliament is faced with policy paralyses of a new order. The apex policy making body in the country is the Union Cabinet chaired by the Prime Minister. In almost every meeting on policy matters including

reforms, the Cabinet Members are invariably divided akin to the fragmented members of the civil society organisations. Other meetings like National Development Council are rather ritual and do virtually nothing in terms of value addition to the country's policy making.

The current political setup does not seem to be in favour of taking structural reform processes to the next level and these reforms have remained stuck for more than 8 years. The recent piecemeal announcements made in September demonstrate nothing new in terms of changing the structural process. Both domestic and foreign investors are still not sure about the domestic policies which are perversely directionless. There is not only a sense of fragility and inaction among the key Central Ministries and Departments but there is also a negative and stagnant mindset among the heads of the Government, which may irreparably damage the nation economically and socially. No institution can ever achieve anything worthwhile without strong and visionary leadership. The present problems clearly indicate a lack of this type of leadership at the top. So, the question remains – why target only the formal leader – the Prime Minister – leaving out the *de facto* leader – the UPA Chairperson?

The policies proposed by the ultra-powerful National Advisory Council (NAC), the *de facto* Cabinet, are based purely on political objectives and hardly on economics principles. The NAC, chaired by the UPA Chairperson, has also replaced the Plan Panel as the primary policy making body. The facts being thus, why are there no sustained attacks either on the creation of the NAC

or the policies proposed by it? Why is the Planning Commission alone targeted continuously? An example of this can be seen in the recent issue of the toilet renovations which was an absurdly well coordinated attack by NGOs. This was done without the comparative analysis between ministries and departments who have also undertaken similar practices.

Clearly there is an incentive for select pseudo 'liberals' for joining left leaning members of civil society organisations as far as extracting the resources of state machinery towards particular social groups are concerned.

The most interesting part in this episode is that in the race to attack select policy makers, certain self-proclaimed 'liberals' seem to be taking cue from some members of the civil society organisations, who for their own reasons decided to target select policy makers in the ruling government. The joining of select 'liberals' with some of their enemies of liberty (read as pseudo civil society members) needs to be understood properly. Indeed, it is inevitable that there is hardly any active group in India on right-wing based approach to public policy making.

As noted Indian historian Ramachandra Guha rightly pointed out that “in classical liberalism, civil society activism is designed to protect individual citizens from the excessive use of power by the state. In India, by contrast, it is more likely to be used to demand a share of the state’s resources for specific groups or communities. Hence the ever increasing pressure to expand programs of affirmative action, by creating fresh quotas in schools, colleges, courts, offices, and factories for minorities, women, and backward castes. Hence also the proliferation of civil society groups speaking (or presuming to speak) for the poor, who demand amendments to the constitution making the Right to Work, the Right to Food, the Right to Education, the Right to Housing, and so on, mandatory and enforceable by law.” This is true for both the left as well as some of the ‘liberal’ think tanks in India.

Clearly there is an incentive for select pseudo ‘liberals’ for joining left leaning members of civil society organisations as far as extracting the resources of state machinery towards particular social groups are concerned. Moreover, both pseudo-liberal think tanks and most civil society organisations receive huge amounts of money from abroad in various forms in the name of welfare of the poor and awareness generation among the youth. Surely the indication is that the members of the civil society organisations and some liberals are reinventing a new order of neo-

colonialism by enriching themselves through foreign aid supposedly received for empowering the poor. If the ruling Central Government has mastered the art of being indecisive with its policy making, most civil society organisations have equally mastered being enslaved by foreign donors. Recently, a number of NGOs have even reportedly been banned/blamed for misusing the funds received from abroad, for obstructing a nuclear power plant, conversion, funding strikes/political movements, etc. The long term consequences of distrustful activities of some NGOs are more dangerous than the prolonged indecisiveness of the government. Alas, the NGOs and left leaning liberal thinks the other way around.

If anything, the time has come to understand the real or the main activities of some of the liberal think tanks and civil society organisations in the country and try to see whether these institutions exists just for the sake of receiving money from abroad, or whether their work really helps in strengthening the fundamental values of liberty among people. The basic liberal values are rule of law, individual rights, private property rights and economic freedom. These values are embedded in the Indian society historically. At present, it seems that the institutions which are supposed to work for these values have actually turned a blind eye to them. This has to change before the entire movement results in new order of chaos in the society.

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The case for Indian Islam

India's Muslims have lived under stable, pluralist democracy for decades. They ought to reclaim their syncretic narrative and project it to the rest of the Islamic world.



orvalrochefort

For years, much of the Islamic world has been aflame in conflict. [Vali Nasr](#) was among the first to describe the modern civil strife within Islam, between Shi'as, represented by Iran and its affiliates on one side, and Sunnis, represented by Saudi Arabia and its subordinates, including Pakistan and militant groups therein, on the other. Petrodollars (or Riyals) from both blocs are underwriting the proxy wars that have taken shape in

the Levant, Iraq, Central Asia, the Arabian Peninsula, and increasingly in the Indian Subcontinent.

Each misrepresents the essence of Sunni and Shi'a Islam, instead putting forth messianic narratives of Islamic revivalism that serve the narrow geopolitical aims of Riyadh and Tehran. More recently, these forces have been trying to co-opt the Arab Awakening and the introspection therein that has at

its heart, questions of how Islam can be reconciled with nationalism, justice, democracy, economic growth, and other religions.

Amidst all this, nearly 170 million Muslims have survived under a stable, pluralist democracy without compromising their own religious practices or that of the other faith groups amongst them. These Muslims, of course, live in India. Until recently, there were more Muslims in India than in the Islamic Republic of Pakistan, and more than in any other country in the world except Indonesia. And they have lived and participated in nearly uninterrupted democratic rule since 1947.

There was, of course, disorder when Islam came to the Indian Subcontinent from Persia in the 1200s. Geopolitical conflict between warring Hindu and Muslim kingdoms spilled into local religious strife, which continued into the twentieth century in the form of political division, communal rioting, and violent militancy.

But, though there was divergence between Hindus and Muslims and even Sunnis and Shi'as in the subcontinent, they have historically negotiated an inclusive syncretism that enables *anekta mein ekta*- unity in diversity. Through interaction with local traditions in India, Islam gave rise to a syncretic, uniquely subcontinental culture of philosophical exchange.

The intermingling of Islam and Hinduism in the 12th century produced a profound evolution in Hinduism that remains salient today. Before Islam, Hinduism professed that common people need an intermediary to God, and that the only person who could enter a temple to facilitate that

relationship was the priest or Brahmin. Islam, however, introduced the idea that the rapport between man and god was personal; that all are equal in worship. That intellectual challenge from Islam reformed Hinduism and produced the Bhakti movement, which argued that Hindus of all castes could worship in their own mandirs, conduct their own pujas, and practice religion, the way they wished; it brought about the more equitable realities of modern Hindu

Indian Muslims must comfortably reclaim their subcontinental Islamic identity without relinquishing their national character, and proffer their narratives in a way that helps their coreligionists around the world.

worship.

Meanwhile, Hinduism had an equally profound effect on Islam in the subcontinent, through the resonance and development of various tariqas of Sufi Islam. Sufism emphasised the mystical, aesthetic, and spiritual dimensions of religion over more rigid exoteric dogmas. This brought about a shared cultural space in which practitioners of many religions worshipped at the same shrines, revered

the same saints, and even performed the same rituals. The North Indian Nawabi culture, in which Hindus and Muslims greeted one another in the Persian greeting “Khuda Hafiz,” wrote in the same scripts, and spoke the same Hindustani language, was ubiquitous.

Admittedly, the historical record is pocked with a few more marks, and many of these ideas are more in synch with India’s historical narrative- best personified by Bollywood- than its daily practice. Everyday realities included distrust based on a lack of social integration (exacerbated by the British Raj’s decision to divide communities into religious electorates), and the [riots](#) that wrought havoc upon pre-independence India. It was this reality from which partition was meant to protect the Muslim minority of the subcontinent.

But instead, the syncretic, Pan-Subcontinental Islamic narrative that did exist was weakened when the region was divided into religious sectors in 1947. Fundamentalist Muslims in Pakistan and extremist Hindus in India tried to define their new national identities in opposition to what had been.

Many Pakistanis, notably President Zia ul-Haq and his allies in the Jamaat-e-Islami, sought to import and [impose](#) ‘purer’ Wahhabi and Arabian Islamic customs in an effort to contrast Pakistani religious identity with the rest of the subcontinent’s Hindu influenced Sufi Islam. In India, post-partition accusations of being a fifth column for Pakistan- along with demands from right-wing Hindus that Muslims in India behave as ‘[Hindu](#)’ Muslims- weakened the [self-confidence](#) of the remaining Indian

Muslims, who came to fear exerting their own Islamic identities. Muslims seeking employment went so far as to adopt Hindu names in order to gain acceptance by the mainstream. Electoral democracy has absorbed some of those strains by ensuring political rights and representation, but exacerbated others through vote-banks that empower conservatives who claim to represent their communities. This is to say nothing of the all too high [tolerance](#) for communal [violence](#) across the region.

These tensions on both sides of the border are worsened by the influence of Saudi and Iranian Islamist doctrines that have contributed to a rise in not only sectarian polarisation, but also in its violent manifestations. Tehran has had a hand in Shi’a riots in north India, not to mention an alleged link to a bombing plot in New Delhi and to militants like Sipah-e-Mohammad Pakistan. Riyadh, meanwhile, has even more vast networks of [influence](#) through organisations like the Students Islamic Movement of India (SIMI), Jamiat-Ahali-Hadith in Kashmir, Pakistan’s Lashkar-e-Tayyiba, and even Jamaat-e-Islami, the Deobandi Movement, and thousands of subcontinental pilgrims and migrant workers. India faces the added dilemma that purchasing energy from these countries ultimately empowers these forces, weakening India’s own safety as well as its narrative of Islamic inclusivism.

Yet, while the state of Indian Islam has been held back by Hindu chauvinism, the psychological challenge of Pakistan’s existence, and [structural injustice](#), many Indian Muslims have been anything but impotent. Names like Khan, Azim, Mirza, Kalam, and Hussein excel in Indian art, business, sports, science, and

politics. And institutions like Chishti, Bareilly, Jamia Millia Islamia, and Aga Khan have contributed to the uplifting of millions in the country and beyond. Yet in one of the most consequential geopolitical and ideological tussles over the soul of Islam that is taking place in Arab streets, subcontinental Muslims, who have a centuries-old legacy of religious pluralism and decades of experience with electoral democracy, have almost no voice.

Indian Muslims must comfortably reclaim their subcontinental Islamic identity without relinquishing their national character, and proffer their narratives in a way that helps their coreligionists around the world. This projection could never be a state-led endeavor: just as India's other "soft power" assets- from economic investment to 'democracy,' Bollywood, and food- are largely bottom-up, religion can be nothing but.

Yet environments that enable it to flourish can be encouraged. A big step forward is that the psychological baggage of partition is slowly being overcome, with the ageing of the partition generation as well as a

burgeoning [détente](#) and era of conciliation with Pakistan. The public sphere, meanwhile, is an increasingly safe space for Indian Muslims to demonstrate their own internal heterogeneity: from proudly voicing their Islamic heritage, to vehemently disagreeing with elements of it, to ignoring it altogether. This diversity demonstrates that Indian Muslims are anything but monolithic- that hybrid identities prevail and Islam easily coexists with other economic, social, and political values. In other words, it demonstrates that syncretic Indian Islam is alive and well.

Pratap Bhanu Mehta [writes](#) that Indian artists, "entrepreneurs, engineers, bankers, investors, traders, and guest workers may not...be thought of primarily as "democracy promoters"... but they will by their mere presence contribute to the opening of societies — not least in the Middle East." As the Islamic world contends with challenges of development, democratisation, pluralism, and political upheaval, Muslims around the world ought to remember the legacy of subcontinental Islam.

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When crisis is the identity

What started as an identity crisis has culminated with Pakistan's only identity being a jihadist crisis



As we inch closer to the end of combat operations in 2013 by the United States troops in Afghanistan followed by their withdrawal in 2014, anxiety within Afghanistan and the region is palpable. As the US and its allies rush for the exit, the Afghans and the regional powers are scrambling to make sense of not just what the post 2014 era would look like but also what exactly went wrong in the region, over the last decade.

One thing that no one is willing to say out loud is that a modest-sized regional power has all but outmaneuvered and outwitted an international military and diplomatic coalition in Afghanistan. Pakistan appears set to have stared down the US in Afghanistan and that too on the US dime for the most part. Apparently the Pakistani policy of coming to the negotiating table with a nuclear suicide vest strapped on has

paid off. No one in the US, the region, or the world for that matter has been willing to call this nuclear bluff. The twin gimmicks of using foreign money and domestic jihadists to pursue its foreign, and domestic policies have been perfected by Pakistan since its founder Muhammad Ali Jinnah sought to milk the US and also let the jihadist irregulars loose in Kashmir.

Margaret Bourke-White notes in *Halfway to freedom: A report on the New India*: “(Mr. Jinnah said) America needs Pakistan more than Pakistan needs America. Pakistan is the pivot of the world, as we are placed — he revolved his long forefinger in bony circles — the frontier on which the future position of the world revolves.” He leaned toward me, dropping his voice to a confidential note. “Russia,” confided Mr. Jinnah “is not very far away” ... “America is now awakened,” he said with a satisfied smile. Since the US was now bolstering up Greece and Turkey, she should be more interested in pouring money and arms into Pakistan.”

The nascent Pakistan, which was to eventually evolve into a full-blown rentier state based on its founder’s formula, faced not just a fiscal crisis but that of a national identity too. Two geographical wings with highly diverse ethnic and linguistic populations with strong centrifugal tendencies/movements in three out of the then five federating units created a sense of panic. Like the USSR, this multi-ethnic state and its junta desperately needed the cement that would not just hold the various nationalities in the two wings together but also legitimise and consolidate the newly ascendant military’s controlling position. While the Communist Party of the Soviet Union

had a working ideology that was to become the supra-ethnic gel, the Pakistani brass was in search of one.

Pakistan appears set to have stared down the US in Afghanistan and that too on the US dime for the most part.

During the movement for Pakistan, the Shia and Bareilvi Sunni Islamic clergy had been co-opted by the All India Muslim League, culminating in the 1946 entry, en masse, of Pirs and Mashaikh into its fold. In the post-independence period, the Pakistani state also started to enlist as its client the Deobandi and neo-Deobandi Islamic puritan outfits like Jamiat-e-Ulema-Islam (JUI) and the Jamat-e-Islami (JI), respectively. A conscious decision to make Pakistan an Islamic ‘ideological’ state as against a pluralist nation-state championed by politicians like Huseyn Shaheed Suhrawardy ([Political Stability and Democracy in Pakistan](#)) had been made within the formative years, only to be codified later by the military ruler General Ayub Khan ([Pakistan Perspective](#)). The supra-ethnic Pakistani identity was to be Islamic in ideology, militarily oriented against India and the economic model being a quasi-market economy literally financed by the US aid.

The early enrollment of the fundamentalist clergy provided the praetorian state with a robust tool to agitate against the liberal media and politicians. The newspapers were first

censored and when that failed, the leftist publishing group Progressive Papers Limited (PPL) was taken over at gunpoint. Censorship was applied from the top and from the street via the clergy-orchestrated agitation. The anti-Ahmadi agitation of the 1950s was to serve as the template for the establishment-commissioned mass hysteria, that was repeated as need against political opponents like ZA Bhutto or as the [scarecrow against the US and NATO](#). While the relationship was symbiotic, it was the state and then especially the army that commissioned Islam and the clergy, not the other way round. The permissiveness of the Deobandi and later Salafist (in case of Lashkar-e-Taiba) thought in allowing individuals, not just the state, to wage violent jihad was one reason Pakistani state chose them over other Islamic sects for use across both its borders. Long before al-Qaeda came along it was the Pakistani security establishment which was launching individual transnational jihadists first into India and then into Afghanistan. In a way, the queen bee of the world jihadism was Rawalpindi not Riyadh.

The main question is, how could Pakistan do this for so long? More importantly, will it mend its ways? The

answer to the first part is complex and involves the geopolitical jackpots that Pakistan hit with the Soviet incursion to Afghanistan, the 9/11, the top brass' "shrewd recklessness" and the simple fact that the world let it get away with it. Almost like a parent, who on occasion ignores or worse, finances an offspring's drug habit, the world has let Pakistan remain hooked on its jihadism and at times [even paid for it](#). The answer to the second part lies in specifically addressing this issue. If the Pakistani intervention in Afghanistan through the Taliban, the Haqqani network and Hizb-e-Islami (Hikmatyar) and the continued domestic patronage of terrorist groups like Sipah-e-Sahaba Pakistan (SSP) and LeT aka Jamat-ud-Dawah (JuD) is anything to go by, Pakistan is not about to check itself into a rehab program. In fact, the SSP and JuD are Pakistani state's replacement for the JUI and JI respectively, which had become too decadent and lazy to be 'revolutionary'.

What started as an identity crisis has culminated with Pakistan's only identity being a jihadist crisis. Whether the international community confronts and/or convinces it to enter a rehab program or [continues to reward](#) the bad behavior remains to be seen.

Swarna Rajagopalan

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Change hearts, not laws

Responding to gender-based violence

najeebkhan2009



Another day. Another brutal rape.
Another horrific gang-rape. Another
round of outrage.

On the last day of our recent 16 day-long campaign to raise awareness around gender-based violence, a young girl asked: What's the point of punishing the rapist? It's not going to improve the life of the victim. And then she made the time-honoured suggestion that the rapist and the victim should be married. That would take care of the primary problem created by rape: that no one would marry the victim once it was known that she had been raped. Of

course, the poor child was immediately upbraided by all and sundry for expressing such a view. (She said, "It was just an example of what society thinks!" And she is right.) A week later, I think this exchange really points to two problematic responses to rape in particular, but many kinds of violence in general.

The first is to "blame the victim". The rape (or molestation or harassment) has left her 'defiled.' Our language reflects this: rape is described as 'despoiling' ('kedututaan' in Tamil) or "the loss of honour" ("izzat lootna" in

Hindi). Street sexual harassment is “eve-teasing,” further romanticised by catchy songs in our films that equate assault with seduction. Prevention lies in protection; the movement of the potential victim is limited — no school or college after puberty; dress codes are imposed, and different degrees of seclusion mandated. Sexual violence is considered an offence against patriarchal family honour, and therefore, the solution lies in minimising dishonour — marrying the victim to the assailant.

Of course, neither diagnosis nor prescription is correct. Sexual and gender-based violence are acts of violence against the individual, first and foremost. They outrage not our honour but our sense of humanity. Like other acts of violence — murder, battery, for instance — acts of sexual and gender-based violence require justice and punishment — justice for the victim and punishment for the assailant. The marriage solution offers lifelong punishment for the victim and absolution for the assailant. The Imrana case, in 2005, illustrates its absurdity: Imrana was raped by her father-in-law, and the community panchayat, declaring her marriage void, asked her to live with her father-in-law.

Moreover, would society approve this solution for incestuous rape? Newly released NCRB data tells us that in 2011, of 22,549 rape victims who knew their assailants, 267 were raped by parents and 1,560 by other relatives. These 22,549 form just over half of the 42,968 cases reported last year, which are an unknown percentage of all rapes that occur every year.

And what about other forms of violence? There is a laundry list of types

of sexual and gender-based violence, experienced by all humans, which begin at conception with sex-selective abortion and end with death. If marriage resolves the problem of rape, what resolves marital rape? And foeticide, female genital mutilation, street sexual harassment, workplace harassment, dowry-related cruelty, honour killings (where seeking to get married is the problem) and acid attacks?

Sexual and gender-based violence are acts of violence against the individual, first and foremost. They outrage not our honour but our sense of humanity.

The second problematic response is to seek ever-harsher sentences on anyone convicted of these offences. This is of course, a contrast to the first response. In today's state of permanent public outrage, we seek the death penalty for a host of offences. I remember hearing it in the early post-Mathura years of the Indian women's movement, and the logic still rings true, that it is counter-productive to seek very harsh sentences for any crime because it raises the evidentiary bar so high that no judge is willing to impose the sentence. Conviction becomes rare, and so instead of the seven years we thought were too little, the rapist gets virtually no punishment. This makes sense to me, and I always think of that textbook summary of Sher Shah's taxation

dictum: Levy leniently, collect strictly. Let there be no doubt that those found guilty will be punished, let there be no scope for reduction of their sentences once convicted, but let the punishment not seem forbiddingly large to the judge.

Some of us concede that existing Indian laws relating to gender-based violence, are by and large good laws. We lament poor implementation; our police are ineffectual, ill-trained, lacking in will, amenable to influence, reads our long litany which segues to our other hobby-horse: corruption. While there is some truth to this, we know from our experience that there are well-intentioned and efficient police personnel and good police initiatives even as there are dedicated lawyers and committed service providers. Partly true, but only a small part of the problem. We know from our experience that there are well-intentioned and efficient police personnel and good police initiatives even as there are dedicated lawyers and committed service providers.

Where the two problematic responses outlined here intersect are in the statement: “The world is like this. We have to be realistic. What can be done?”

The young girl in my opening anecdote may have raised a politically incorrect (in our campaign circles) question, but

her concern for the victim’s future is not misplaced. How many girls drop out of college because bus-stop stalking is unbearable? How many women retreat from the workforce because of hostile work environments and how many suffer them silently because they need the income? How many acid attack victims are sentenced to living with disability and pain? Victim care is an important dimension of justice.

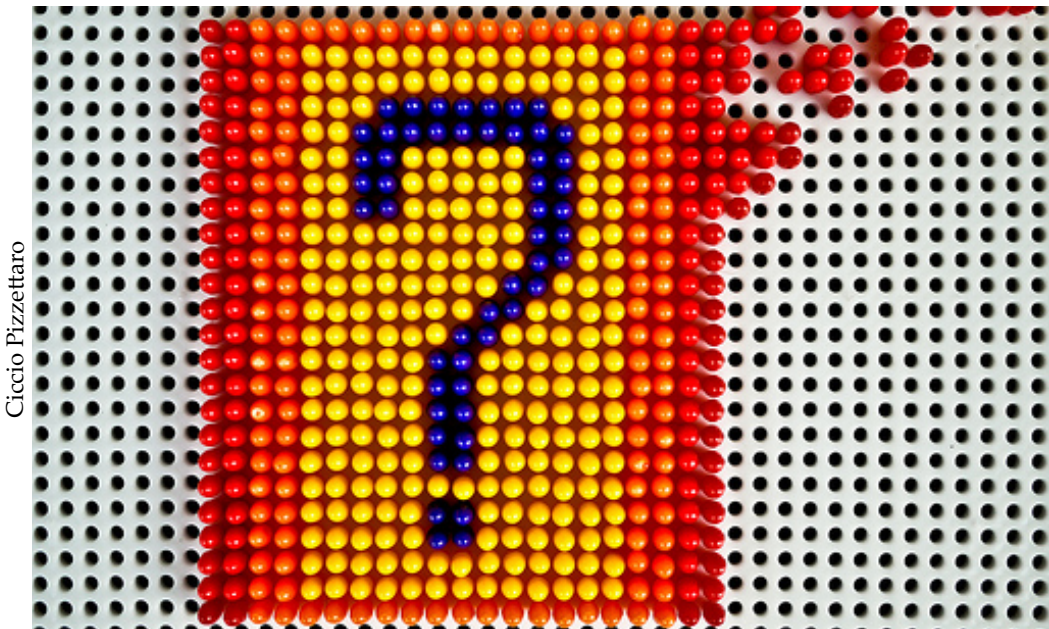
Three factors influence the ability of victims to recover and rebuild their lives: to go from being victims to become survivors. We usually focus on the first: prompt action and timely justice, including appropriate sentencing. The second is the availability of well-supported and quality support services by trained service providers — including safe homes and legal, psychological and livelihood counsel. The last is most critical: our willingness to blame the assailant and see the victim-survivor of sexual and gender-based violence the way we do victims of burglary, forgery or mugging — as people to whom something bad happened, not embodiments of that incident, defined solely by it. And this will happen when we call violence, violence, and read violence for power-play rather than lust or punishment. The ultimate instrument of justice can be found in our hearts and minds, and not in the law.

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Wrong trees, wasted barks

Our problems in urban governance emanate from our inability to pose the right questions



Ciccio Pizzettaro

Imagine standing in the middle of a congested road in any Indian city. Each one of us can identify multiple problems with the road and the traffic. But what is the solution?

Discussions invariably lead to a comparison with China. Quick on its heels is abject surrender to the dictum: China is not a democracy like ours. It can acquire land for road widening by easily kicking people off their property. This is impossible in India, with public

protests and endless court battles. Ergo, Chinese cities are better. Despondency in, discussion over.

Next comes land acquisition. While Urban Land Acquisition (ULA) is an important tool, government's perceived inability to acquire land in cities becomes a catch-all excuse for giving up. How did world class cities become world class? If our city governments miraculously acquired private land for development, would our cities

transform themselves into something world class? These questions need serious examination.

Let us first painfully remind ourselves of some realities. Our urban governance system is in shambles. Routine chores that even semi-modern cities take for granted – effective solid waste management, well designed and engineered roads that cater to all its citizens, robust public transportation, round-the-clock portable water, vibrant open spaces, vigilant public health system, safe and well light neighbourhoods – are non-existent or infuriatingly ineffective.

Planning – a pet demand, and peeve, of Indian citizens – requires sophisticated capabilities to evolve a progressive thought regarding the poor, the elderly, the differently-abled, and the environment. It requires a city's continuous engagement with its citizens in a multi-layered dialogue; a constant learning from the experience of other cities, not to mention our own; periodic strengthening and scraping of laws to increase individual freedom while maximising public good. Can we do any of these satisfactorily?

To use the worn-out management cliché, you can manage only what you can measure. But our cities never measure outputs, never collect data, and never save governance history and knowledge. A governance data centre that collates disparate data from myriad agencies and processes them into practical insights is inconceivable. More examples abound but this litany would suffice.

Let us get back to standing in the middle of any arterial road. What does one see? Congestion and chaos, deadlocked junctions, choked roads, pedestrians on

road, encroached sidewalks, huge swaths misused by haphazard parking, unusable puddles and no-man's lands. The city soon falls into a simplistic trap: acquire land, widen the road and provide more lanes for traffic. The problem is solved.

If you ask the wrong question, you will get the wrong answer. In India the burden of solving congestion usually falls on the city corporation (or the Highways Department which, believe it or not, manages key city roads). This would be fine if the city had control over other elements in the fight against congestion – parking, public transportation, traffic police, regulation of vehicle purchase and registration, power to levy taxes for congestion and pollution. But thanks to our highly centralised form of governance, most of these functions come under the purview of state and central governments. It is easier to straighten a dog's tail than to ensure a coordinated, comprehensive approach to urban solutions.

Coupled with inadequacies in planning capabilities, which also fall under the purview of the state, and its inability to consider area or city wide solutions, the city asks the wrong question: what can be done about congestion at this junction or on this road. Predictably the appointed consultant counts vehicle, measures road width and comes to the inevitable conclusion (road capacity already exceeded), repeats mantras (junction with 10,000 Passenger Car Unit (PCU) deserves a flyover) and hence the inescapable solution – flyover, road widening or elevated roads.

Elaborate reports with dazzling graphics and passing mention of land acquisition follows. Since ULA runs into expensive and predictable troubles, the project is

not implemented. Public frustration rises another notch and resulting discussions curse the usual scapegoats – the poor, hawkers, cyclists, and the pedestrians. To get around this quandary, suggestions to eliminate para-transit and buses from roads are also seriously entertained, completely ignoring that these vehicles carry millions while occupying disproportionately little road space – exact opposite of what private vehicles do. Flyovers and elevated roads have become symbols of our lazy leap over the mess we can't handle collectively.

Are there no ways to keep PCU at say, 5,000? Why doesn't the romantic Paris, the hyperactive Hong Kong or the boisterous New York have flyovers at every junction? Surely more than one car per citizen and a flyover at each junction are not beyond their reach.

The answer is simple. That would require asking tough, complex questions and deliberately translating concepts into reality. These cities start changing land use patterns to methodically densify and develop along transit corridors, as pioneered by Curitiba and followed by all world class cities. They implement an agile public transportation system that includes massive Metro Rail network, and an even bigger complimentary bus network. Many even convert strategic bus routes into Bus Rapid Transit routes to make them even more effective and user friendly – as in Bogota and Guangzhou. They implement last mile connectivity using feeder and para-transit systems. They implement dynamic data centers to constantly be in tune with changing demand patterns and city's development or decay. And

have common ticketing to make the transit a breeze.

A governance data centre that collates disparate data from myriad agencies and processes them into practical insights is inconceivable.

There would be sticks to go with these carrots. They implement congestion charges to influence behavior and introduce stricter vehicle purchase quota systems to contain demand. Budapest instituted sophisticated city wide parking management systems that charge market prices for parking – acknowledging that free parking is the enemy of public transport and contributor to congestion and pollution.

Modern cities do these and more. But their addition of new roads and road widening, if any, wouldn't be a knee jerk reaction to every congestion in sight. Compare our cities to say, Hong Kong and you realise that we are spoilt for road space.

This brings us to the crux of the governance conundrum. While advanced cities have the ability to manage every inch of public space using modern governance techniques, we don't. They have the ability to ask the right sophisticated questions – not in isolation but in dialogue with citizens, experts, research and development – we don't. These cities wield carrots and sticks and stand up to special interest groups for city's good, we don't.

Cycles that deaden the soul of the city – congestion, land acquisition, road widening, congestion and despair – are just one example of the emaciation of our urban governance machinery. This

machinery, from which emanates unsophisticated questions and simplistic answers, needs urgent reform and strengthening if it is to deliver good governance, instead of what it does at present – deliver frustration and cynicism.

Sachin Kalbag

Sachin Kalbag is the executive editor of MiD DAY

A matter of trust

Hard scrutiny of the Indian media is a must. It shall help strengthen our democracy. However, the onus is on journalists to rebuild the broken trust.

Ethan Lofton

On October 25, 2012, Member of Parliament and chairman of one of India's largest steel and power companies, Naveen Jindal, made a stunning revelation about two editors from a news TV channel demanding advertisements worth Rs 100 crore (approximately US\$18 million) in exchange for killing a story on the coal block allotment scam that would have named Jindal Steel and Power Limited.

Even if they were not asking the money for themselves but for the company they represented, it symbolised a new low in Indian journalism.

It underlined the journalism adage that what does not get printed is perhaps more important than what does.

In November 2010, a series of audio transcripts of conversations between communications specialist and corporate lobbyist Nira Radia and several prominent TV and print journalists surfaced, in which Ms Radia is heard telling the latter to help her get the right person as telecommunications minister. At that point in time, her firm, Vaishnavi Communications handled PR accounts of two of India's largest conglomerates.

The transcripts were published first by a weekly news magazine, *Open*, and then followed by other newspapers and magazines including *Mail Today* and *Outlook*.

More recently, in the aftermath of the protests against the gang rape of a Delhi medical student, a policeman died, allegedly of a heart attack. He was cremated without a conclusive post-mortem being conducted, but the media was seen to toe the line of the government and Delhi Police – that Constable Subhash Tomar was assaulted by hooligans during the protests and that he died of the resultant serious injuries.

The doctors who examined him at Ram Manohar Lohia Hospital later said that there were neither external nor internal injuries and that Tomar died of a heart attack. As this is being written, a separate report authored by Delhi Police indicates that three of his ribs were fractured, which led to the myocardial infarction. The doctors continue to deny this.

In this fracas, the media seems to have

While it is necessary to determine the cause of the policeman’s death, it was perhaps more important to keep the focus pinned on the security of women.

These incidents, coupled with the daily disenchantment over alleged skewed coverage in news television and newspapers, have created a crisis of confidence in the Indian media.

Lack of trust in the media accompanies the loss of faith in other democratic institutions in India such as Parliament, the judiciary, government, even the Prime Minister’s office. Although the role of the media is to be a watchdog in a democracy – and in India it fulfils this role pretty admirably – it has been under a cloud just as any of the institutions has been.

This is not unique to India. According to a [Gallup poll](#) published in July 2010 and cited by journalism educator Jay Rosen of New York University, the confidence levels in democratic institutions fell drastically in the United States, too, since polling began in 1973. Here is a small table that reflects that :

Institution	Confidence level 1973	Confidence level 2010
Supreme Court	44%	36%
Newspapers	39%	25%
Television News	46% (1994)	22%
The Presidency	72%	36%
Public Schools	58%	34%
US Congress	42%	11%
Banks	60%	23%

lost the very reason for the protests – the violent and brutal sexual assault on a 23-year-old medical student who was returning home in a bus with a friend. The narrative changed from “women’s safety” to “how a constable was killed”.

No such detailed poll exists for India, but anecdotal evidence suggests that trust levels have lowered for news media, just as they may have for other institutions. But as Rosen puts it, just because the confidence in these

institutions is falling does not mean that the confidence in the press should fall. In fact, it should increase, given the watchdog nature of the press in a democracy.

Even so, no one would deny the crisis of confidence in the media. It is real.

One reason for the trust deficit is the emergence and indeed the mainstreaming of social media web sites such as Twitter and Facebook. Twitter, in particular, has put traditional media under intense scrutiny, and it will continue to do so in the future.

This is necessary and is a good trend. A

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media that is always on its feet and is relentlessly questioned will serve the democratic process far better than media that dispensed news and opinion as a one-way street. But the question of trust remains, and journalists will have to introspect hard over how to win back this trust.

It would be easy to mouth platitudes and say that journalists should stay true to their profession, find meaning in their work, etc. But this argument assumes

that journalists, or at least most journalists, are untrue to their profession.

This is not the case.

Many, including some bureaucrats and ministers in government, have suggested a media regulatory body. This is a reprehensible thought, as it strikes hard at the very basis of the role of media in a democratic setup – which is to be a watchdog. On the opposing end is the self-regulation school. This is not exactly a solution. In a country that has more than 80,000 registered publications and close to 700 TV channels of all kinds, it would be foolish to expect everybody would self-regulate.

But there are ways for the media to win back the trust of the general public. Here are some. Admittedly, it is not an exhaustive list nor is it a “solution”. However, they could pave the way to bridge the trust deficit in the long-term.

Be fair, not neutral: Journalists are expected to be neutral observers and communicators. What this results in is “He said, she said” kind of journalism. Instead, journalists should aim for fairness in reporting. If, in that process, you are seen to take sides, so be it.

Engage in social media, do not demonise it: Traditional media has an inexplicable disdain for social media. Social media is a force traditional media will have to live with. It will also mean greater scrutiny, something that will force traditional media to work harder and produce better reporting and analysis. It is prudent, therefore, to engage social media as allies in a larger goal rather than treating them as antagonists.

Invest in investigative journalism: Investigative journalism involves hard

work. It is time-consuming, it is often boring and it necessitates spending money. It is far easier to get six talking heads and get them to opine on burning issues of the day. This is lazy journalism, and does not serve any purpose apart from bringing down news-gathering costs and making P&L accounts look shiny. While admitting the media is a business, it is also important to keep your media outlet relevant in the long run. This can only happen if we put in resources to break big stories. There are several examples of how investigative journalism has helped produce better newspapers and also enhance revenue.

Ask the right questions: Journalists have not only forgotten the art of asking the right questions, they are also afraid of asking them. In an age of “journalism of conformity” asking questions is seen as some kind of anathema. The sooner Indian media gets out of this morass, the quicker it will reach out to its audiences. Every question need not result in a life-changing story. However, if there is no effort, it shows in a media outlet’s reporting. Asking the right questions is tough and takes courage, but it is also

the right way to rebuild trust.

Value content: One of the easiest ways to increase readership is to drop the price of a newspaper or a magazine. This devalues content and gives advertisers such as large corporate houses and government’s disproportionate power, even if it is not direct. Pricing the publication right reduces this power and puts greater power in the hands of the audience and the journalists. However, this is tricky, considering that most audiences do not pay for content. If readership subsidises, no manufacturer or service provider would want to advertise in your publication. Media houses will have to address this question soon.

We must be cautious to not conclude that everything is wrong with Indian media. It isn’t. As far as a vibrant and aggressive media is concerned, there has been no better time. At the same time, though, there has been no better time to introspect. That point about asking the right questions? Perhaps journalists should begin by asking those to themselves first.

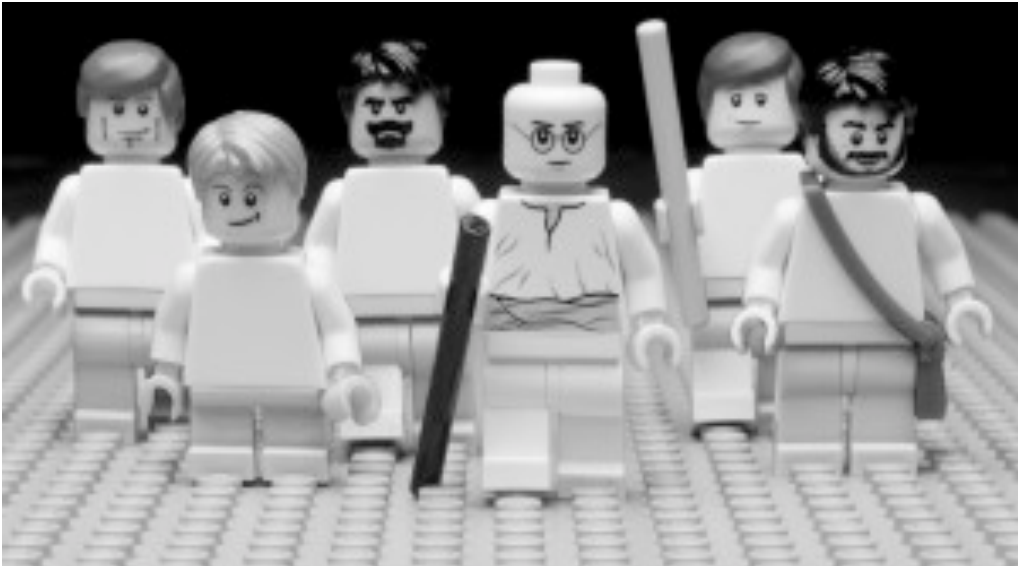
Narayan Ramachandran

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Contours of India's national security

A strong India needs to reimagine its national security fundamentals

Eric Constantineau



This is the first article in my new column series *In-Security*. The series will concern itself with matters of national interest from the perspective of India's economic development, internal security and inclusion. I approach the issue of national interest from the point of view, that a grounded, stable and internally strong India is a necessary condition for projecting that strength externally. I hope to explore some profound questions and some practical ones under these broad areas.

Economic growth is the centerpiece:

Pursuing the national interest with independence and vigour will remain a dream if we do not have the resources to go after it. Consistent and strong growth and the consequent national savings it generates is the bedrock upon which to build India's framework of realpolitik. In a [recent article for Pragati](#), I referred to prime minister Dr Manmohan Singh's speech at the Red Fort on the occasion of our 65th Anniversary of Independence. The Prime Minister explicitly linked (fast) growth with security. His words

translated into English were: “If we do not increase the pace of the country’s economic growth, take steps to encourage new investment in the economy, improve the management of government finances and work for the livelihood security of the common man and energy security of the country, then it most certainly affects our national security.” To many this will seem obvious and commonsensical. Yet it bears repetition because too often India forgets this and begins to redistribute the gains for social programmes before we make enough from the point of view of national security.

The true value of freedom is undervalued in much of the country because the grind and inconvenience of daily living makes people hanker for an alternative.

India needs a narrative: This is what the French call – *raison d’etat* – which literally means the reason of state. It is widely known that the political contours of historical India rarely occupied the full footprint of today’s India. Alas, this new large, diverse India lacks a cohesive common idea. We correctly celebrate our diversity, but our common threads are not nurtured in a growing ambience of regionalism, parochialism and religious intolerance. Ask what we mean by the “idea of India” and you will get a thousand different answers. Most great

nations are built on a common idea – a strong anchor that supports the aspirations of a nation and its people. The Chinese have grown up with the idea that they are the “Middle Kingdom” – the land around which everything else is organised. The occupation of China by foreign powers during the 19th and early part of the 20th centuries has been translated into “a need to avenge national humiliation”. And their contemporary purpose is to get back to their status as the Middle Kingdom. India has some possible themes it can get behind – secular republic or deep-seated tolerance for instance – but it will have to adopt and give contextual meaning to these and make them signify something to every Indian. The American idea of life, liberty and the pursuit of happiness is a unifying theme that among other things calls young Americans to service when it is perceived that the country is in danger.

India must follow its own path: There is a feeling in India that we would be better off under a different system. It is common parlour exercise to imagine India in the hands of a (benign) dictator who waves a magic wand and ensures that the country functions better. No amount of caution about the poor odds of benign versus malignant dictatorships seems enough to dissuade these (often well-to-do) citizens. The true value of freedom is undervalued in much of the country because the grind and inconvenience of daily living makes people hanker for an alternative. But India is free, federal and chaotic. We must make a virtue of this rather than bemoan its limitations. The consequences for any institution – a company, an organisation or a country – that does not follow a path consistent

with its own 'centre' usually ends up in disaster.

Inclusion means equality of

opportunity: Uneven growth maybe okay from the point of view of the economy but it is not a prescription for long-term stability and security. Most people accept this point. However, many in positions of power believe that the best way to 'arrange' inclusion is to legislate rights and organise giveaways. *Au contraire*, the most effective way is to allow citizens the opportunity to provide for themselves and then leave them accountable to do so. This implies many things – the most clear-cut of which is the need to provide excellent and universal primary education, basic universal health access and affordable college and vocational education. It also implies that roads, electricity, water and cleanliness penetrate deep into the country and are available to our billion citizens. Almost everything else should be up to the individual and the community he lives in and the markets he uses.

Rediscover the strategic importance of

our coastline: India and Indians have been an 'inland' tribe for nearly a thousand years. Many analysts attribute India's vulnerability to European conquest to a weak navy and insufficient ability to defend our coastline. It is no surprise that the terrorists of 26/11

attacked Mumbai from the sea, a soft opening for soft targets. Prior to this period, India's outward focus was not only through the Khyber and other passes of the Himalayas but also through maritime expeditions launched from the East and West coasts of India. The world's first ever dock is believed to have been in Lothal (today's Gujarat) in 2400 BCE. The Kalinga and Chola reach into South East Asia allowed them to open up commercial routes and impose their politics, art, religion and architecture on these countries. The large Hindu temple complex in Angkor Wat, Cambodia, stands as historical testament to that kind of influence. Kanhoji Angre, the head of the Maratha Navy in the 17th Century, was an exception- a brave and feared figure- pirate to some, patriot to others. Given India's long coastline and an age when geography's limitations on power, influence and war are morphing, India would do well to rebuild a maritime DNA.

Throughout our history, India and Indians have had ambivalence about projecting strength. There is a tendency towards softness and sentimentality. The challenge for India is to balance the principle that underlies that notion – a deep-seated tolerance and desire to get along – with the open power projection that is expected in contemporary times.

Priya Ravichandran

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Something rotten in the state

The future of India as a democratic republic lies in the path its citizens choose.



gfpeck

An old nursery rhyme “Who killed Cock Robin?” narrates the killing and burial of a robin killed by a sparrow. Once the murder is done, the rest of the birds take on a job each to ensure a proper burial is accorded to the bird. The blood is collected by one, the shroud stitched by another, the coffin made by a third, pallbearers appointed and the dove mourns as the rest of the birds and a bull fall sobbing and crying over the death of the cock robin. Nobody talks about who bears responsibility for the crime .

“Who killed our Constitutional Democracy?” should be a rhyme for this winter of discontent. The brutal gang-rape of a 23- year old girl and the events that transpired since then show how we fall down, sobbing and lamenting the death of law and order and of constitutional democracy. So who killed it? Was it the politicians whose servility to a higher order ensured they remain unchecked, while they accumulated their sins? Was it the judiciary that abdicated its responsibility to uphold the law? Was it the police who with their patina coated jobs, rusted and polluted

whatever they came across? Was it the media, which for the ratings, screamed hoarse, until we were left with only its voice and opinions? Or was it us, the neo-middle class, the people who leave the voting to the poor and protest only when we are hit?

We 'voted' too, by not going to the polls. By letting the narrative of our politics be hijacked by voters who voted for the politicians who simply promised work, welfare and other incentives. The middle class was content to grumble, blame and protest.

The gang-rape can be seen in two ways: One, as an indicator of how women were and are treated by men and other women. Two, as a symptom that portrays the myriad issues that exist within our society. We need to focus on broader issues within this context rather than just handing capital punishment to the men who grabbed an opportunity at night to rape a girl.

In our poem "Who killed our Constitutional Democracy?" the lawmakers collected the blood.

The Association for Democratic Reforms reports on the number of candidates elected or given a ticket despite a rape or a crime against a women charge are appalling. 260 candidates for the legislative assembly elections and 36 MLAs across India are charged with crimes against women, with six MLAs having rape cases against them.

Giving ministers and MLAs who have not just committed a crime but also violated a woman's personhood a ticket to stand in the election is rewarding them for their behaviour. We are then forced to protest and get beaten up, and go back to trusting these people to make laws, and reform our state security

apparatus to protect us against the very albatross that hangs around their neck. Politics works on a very simple principle of ask and receive. Citizens ask, politicians give; politicians ask and citizens vote. This system only works if we are astute, aware and knowledgeable not just as voters but also as citizens.

The short term solution will be to have ministers with charges of rape and crimes against women barred from voting or having a say in bills pertaining to the issue. The Parliament should convene a special session and all laws regarding urban security and sexual assault (online and in person) should be revisited. The long term solution would be to bar candidates with criminal backgrounds from contesting elections. An effective reform measure would be to change the "first past the post system" to a run-off system. It would enable a more equitable distribution of votes and ensure that the winner reflects the true majority.

The police and the state machinery have dug the grave here.

The Supreme Court in its 2006 judgment on police reforms directed the separation of police and the political executive and advanced suggestions for streamlining the hiring and transfer process. Separate law and order and investigative sections were also to be established. Very little has been carried out in those directions by the states. Lack of incentives, political control over the police recruitments and transfer, caste and identity issues in the recruitment practices and the disregard for the well-being of the police at all levels by the government create little incentive to join the police force. Few measures are taken to ensure the longevity and satisfaction of the officials

at the lower ranks. One-fifth of our police force exists only on paper.

Giving ministers and MLAs who have not just committed a crime but also violated a woman's personhood a ticket to stand in the election is rewarding them for their behaviour.

Most of our police force comes from rural areas with little education and low sensitivity towards issues pertaining to an urban environment. Women often have to choose between getting harassed by the public (where they can at least depend on the support of a fellow citizen) or being harassed by the police while filing a complaint. The buck passes from the ministers to the officers, then to the lower rung of the police force, then to the non-compliant citizens and sometimes back to the ministers.

Mandates that include police reforms should be published in a public forum and given to the media. Police stations must be safe and the facility to report officers who harass made available. Every police district must be equipped with a 24-hour helpline for reporting sexual assaults and forensic labs should be available for tests in every city. Hospitals should be equipped with the proper female and male staff along with the technology to handle rape victims.

The shroud was stitched by the keepers of the law.

The judiciary which is supposed to function neutrally, functions in an environment propelled by the power and status of the litigants and the money which is made available. Dispensation of law is not just, balanced, inexpensive or time bound. 3.25 Crore cases are pending in different courts, some over several decades old, stand testimony to the delay in justice. In spite of an increase from 21,000 cases to over 24,000 rape cases in six years, less than 25 percent were convicted. The delay, embarrassment and money that a victim might have to spend on pursuing a case often deter people from taking the legal route.

Supplementary 'courts' like *Khaps*, community Panchayats and *Fatwas* often fill a void and dole out justice that almost never takes the victim into consideration. Justice delayed is justice denied. Criminals are considered innocent till proven guilty and they know that the proofs can be bought and destroyed. There is a need to shift the onus of the proof on the accused and hold him guilty till proved innocent. Fast-track courts and sensitive judiciary are a must. It should be made illegal to perceive a sexual assault charge as an invitation for questions on previous sexual history of the victim, depth of penetration, position of rape and the detailed description of the incident itself. The victim should be given the option to answer on-camera, and a female lawyer must be present in relevant cases. Any lawyer found questioning the 'honour' of a woman, her family or harassing her for an answer should be debarred. A virulent mob screaming for death sentence to the

culprits is not where the answer lies. Death sentence even in the 'rarest of rare cases' does not deter rapists. It might embolden them to murder the victim and nothing more. Directives are needed to strengthen the system to deter the crime.

The sparrow that shot the cock robin is us, the demos.

If we can challenge the court on our fundamental right to protest peacefully, why can't we exercise the rights that have been bestowed on us? Voting is not only a right. It is also a responsibility. The voting percentage of the educated youth and people in the metros is less than 50 percent. This being the case, does the urban populace have a right to hysterically denounce parliamentarians

when it has abdicated its right to vote against them in an election?

Today we have reached a point where the state has been hijacked by carpetbaggers and scalawags. We have to retrieve the power which was handed over in a platter to them. How should we go about it? Is it by going on strikes, protests that are violent or nonviolent, and self-flagellation by fasting? Or is it by constitutional means — actively participating in local, state or central elections, by knowing what our rights are and exercising them fearlessly, by knowing our responsibilities and standing by them? The future of India as a democratic republic rests on the course chosen today.

Anantha Nageswaran

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India's growth trap

It is more than about economics

Meena Kadri



An unimportant issue; an uneventful vote; breathless coverage and a relief rally in financial markets. This has been the story of the symbolic (nay, shambolic) debate in the Parliament on allowing Foreign Direct Investment (FDI) into the retail sector. On the same day, the Government survived the vote in the Lok Sabha and looks set to repeat its performance in the Rajya Sabha, there was the news that the Cabinet could not agree on the constitution of a National Investment Board. Ministries are engaged in turf battles and many investment proposals are languishing in Delhi, for want of approvals. Indian stock markets shrugged off the news.

India's stocks are merely 8 percent below their peak in 2008 whereas India's economic growth is about 80 percent below the peak growth rate. This has been the story of India in recent years. Its priorities are wrong, there is hyperventilation in the media on these misplaced priorities and investors could not care less. Markets are not holding a mirror on the reality for the government to take notice.

India is stuck in a low-growth environment (low relative to India's potential). As is the case with China, it is possible for India to reverse this course. The question is whether India's political and business elites care enough about

the country's future to do the right things. Developments over the last several years provide only troubling answers to that question. That is what generates a lot of uncertainty over India's growth outcome in the next one to two years, if not longer.

In fact, all Indians – educated or uneducated – must reflect on their own priorities and values that have brought corruption to a widely accepted and even legitimate part of any interaction between individuals and the government in India. It is easy to blame the rulers for setting an example. There is an equally compelling case to be made that rulers simply derive their inspiration from the masses.

Reasons why the public debate on India's economic woes is not leading to any desirable policy action are two-fold. One is that the debate is focused on the wrong priorities – priorities that excite the pink press. In fact, the easy rule of thumb is that India needs the opposite of what the pink press is focused on. The second reason is that India needs a structural reform of its society before it can successfully reform its economy. Of course, reforming the society is not done through Twitter in 140 characters. Therein lies the challenge.

In this note, the focus is almost exclusively on economic issues even while there is realisation and acceptance that much more needs to happen before the economy can be mended. In fact, the economy may be able to mend itself if social restructuring takes place.

Economic growth has stalled

The Indian government is disappointed that the economic growth rate has fallen into the 5 percent to 6 percent (on the globally accepted metric of GDP by

expenditure, India's growth rate was 2.8 percent in the quarter ended September 2012) range but it is going about restoring an upward trajectory in the wrong way. For instance, it is forcing banks to lend cheaply to households for the purchase of consumer durables. If India were to return to a high growth path, its government must understand why growth slowed down in the first place. The government has repeatedly placed the blame at the doors of the Reserve Bank of India (RBI) for the slowdown. The RBI may have raised nominal interest rates during 2010 and 2011 but real lending rates are increasingly negative. Second, the RBI had to neutralise its "tight-money" policy with open-market operations through which it finances the government debt. It is hardly the case that the central bank has kept money tight.

Of course, some argue that the rise in prices in India – wholesale or consumer – has more to do with supply bottlenecks than with the usual suspects like fiscal deficit monetisation and credit and money supply trends. The truth is the opposite. Second, the financial repression of the Government of India has taken banking resources away from the private sector to finance the fiscal deficit. The high fiscal deficit has forced the RBI to impose a 23 percent statutory liquidity ratio on all scheduled commercial banks. This ratio forces banks to hold government securities. Thus, the banking sector funds the government's borrowing programme. With another 40 percent of loans earmarked for priority sectors, banks have very little room to engage in commercial lending. Further, with the RBI imposing low cut-off yields on government securities, the benchmark is

underpriced and hence bank loans are underpriced.

Policies thwart private capital formation

India does not provide quarterly data on private fixed capital formation. Hence, we use the proxies – the monthly production indices of capital and intermediate goods – to assess what is going on in the investment environment. The contraction in the production of intermediate goods might have ended but it is too weak still to breathe new life into the industrial sector. Production of capital goods is still contracting (Figure 1). These conditions look unlikely to reverse soon and hence, a turn for the better in private capital formation does not look imminent.

stymied by regressive tax policy changes. In the budget for 2012-13 introduced in March 2012, the government introduced General Anti-Avoidance Rules – rules meant to discourage tax avoidance – prompted by an acquisition deal undertaken by Vodafone through an elaborate offshore tax avoidance structure. Other countries have enacted similar legislation but with a high current account deficit, India did not have the room for such policy ‘innovations’. Further, with the Supreme Court striking down the government’s tax bill on Vodafone, the authorities set about amending their tax laws retroactively. That was a huge blow to predictability and transparency in tax policy. The government has put both of these on hold for now. The uncertainty lingers and the damage has been done.

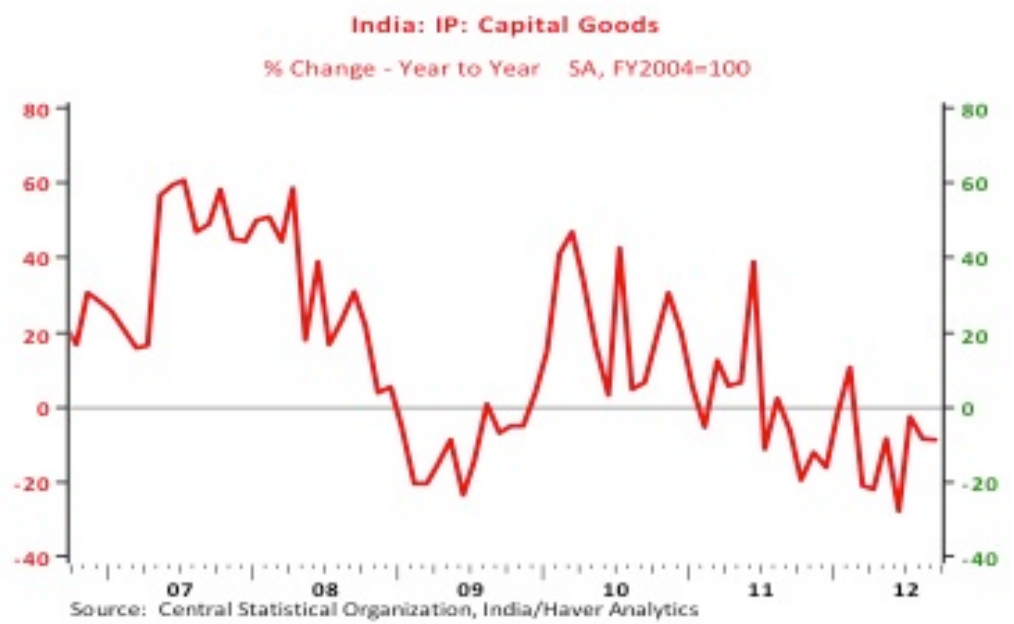


Figure 1: Annual growth rate in the production of capital goods, 2006-12

In addition to India’s fiscal deficit and its garnering of banking resources, the non-financial corporate sector has also been

While the focus is usually on the non-financial corporate sector, in terms of output and employment it is much less

important than the unorganised sector that is dominated by thousands of small and medium-sized enterprises. They have not had it easy either. The World Bank's "Ease of Doing Business" annual survey shows how difficult it is to start and operate a business in India (Figure 2). On most parameters, India has become a more difficult place for businesses. India's global rank of 132 is out of 185 countries.

The question is by how much? The government claims that it is targeting a gross fiscal deficit ratio of 5.3 percent for the year ending March 2013. Most analysts expect that the best outcome would be 5.6 percent. More likely, the deficit will be closer to last year's 5.9 percent, if not higher.

Aversion to fiscal restraint

In September, the government

Doing Business 2013 Rank	Doing Business 2012 Rank	Change in Rank	
132	132	0	
Topic Rankings	DB 2013 Rank	DB 2012 Rank	Change in Rank
Starting a Business	173	169	-4
Dealing with Construction Permits	182	183	1
Getting Electricity	105	99	-6
Registering Property	94	97	3
Getting Credit	23	23	No Change
Protecting Investors	49	46	-3
Paying Taxes	152	149	-3
Trading Across Borders	127	125	-2
Enforcing Contracts	184	184	No change
Resolving Insolvency	116	109	-7

Figure 2: World Bank 'Doing Business' rankings, 2012-13 (Source: World Bank)

Since the relentless rise in the government deficit is the wellspring of all the macro-economic ills that India is facing, confidence in India's growth and inflation prospects rest on the actions being taken on the deficit front. India's financial year runs from April to March. For the year ending March 2012, the fiscal deficit was 5.9 percent of GDP and the revenue deficit was 4.5 percent of GDP. The rise in the revenue deficit is more worrisome than the rise in the overall fiscal deficit). The budget for 2012-13 set a target of 5.1 percent and 3.5 percent for each of these, respectively. These targets are bound to be missed.

commissioned a study headed by Vijay Kelkar to outline a medium-term fiscal roadmap. The committee suggested sale of government assets, immediate increases in the prices of subsidised fuels and a phased out implementation of the legislation on Food Security. (One government asset sale has happened but the buyers turned out to be other government entities!) It also announced a token increase in the open market price of diesel but has not yet liberalised fuel prices. The one genuine reform the government undertook was to introduce a cap on the number of subsidised cooking gas cylinders per household to

six. Unfortunately, there are signs that this 'cap' might be doubled by the end of this year. On the other hand, the government has refused to defer the implementation of "Right to Food" legislation. The Congress party sees it as a key election weapon. Under the legislation, the government will provide subsidised food for millions including for those above the poverty line.

Fluid and hazy political scenario

Under the present dispensation, the commitment of the Congress party to structural economic reforms is deeply suspect. Bipartisanship with the Bharatiya Janata Party (BJP) on matters of key national interest is impossible as both parties have a habit of opposing what they proposed when they were in office. Technically, the coalition led by the Congress Party has been in a minority since the anti-reform West Bengal based Trinamool Congress Party withdrew support. However, it has survived since no one is prepared to make a move to unseat it.

A strong showing by Narendra Modi, the BJP Chief Minister of Gujarat, has fuelled speculation as to whether he could lead the party to victory in national elections. The situation is too fluid, not least because the BJP is not united in projecting him as its national leader.

Were the Congress party to suffer major setbacks in other states, the government either would resign or be forced to resign as key parties (e.g., Samajwadi Party led by the former defence minister Mulayam Singh Yadav from Uttar Pradesh) withdraw their support. National elections in the summer of 2013 are possible. It is hard to envisage that the outcome of those elections would usher in political stability in the country

since the two major national political parties – the Congress and the BJP – have become considerably weaker in recent years. They do not boast leaders of national stature who can rise above narrow differences. A fractious outcome would pave the way for an even more dysfunctional coalition government than the present one. Non-Congress and non-BJP smaller regional parties could even form the government with outside support from one of the two major national parties.

India needs a structural reform of its society before it can successfully reform its economy.

Such a coalition would be fragile and focused on staying in office for reasons of personal aggrandisement. Economic decisions will be deferred or be populist in nature. The prospect of further deterioration in fiscal indicators is real. If that proves to be the case India's credit rating will likely be lowered and the rupee will come under renewed downward pressure. In other words, the worst for the Indian economy lies ahead.

Close parallel to Indian cricket

To an extent, the fortunes of the Indian economy mirror that of Indian cricket. Both were on an improving trajectory from 2004. However, the improvement was more superficial than real. Instead of capitalising on the improving image and strengthening the foundations, the administrators of the game (and, to some extent, the players too) were more interested in monetising the on-field

success rather than sustaining it. The victory in the World Cup in 2010 only delayed the acceptance of the inevitable and masked the underlying deterioration in Indian cricket, caused by the advent of the cash-rich and values-scarce Indian Premier League. Similarly, the Indian economy's quick recovery from the global crisis of 2008 only delayed the recognition of the underlying strains. Indian cricket team went on to become the world's top-ranked Test playing team only to follow it up with a 0-4 and 0-4 back-to-back eight test defeats against England and

Australia. Similarly, the growth rate of the Indian economy has come crashing down from around 12.8 percent in the first quarter of 2010 to 2.8 percent in the third quarter of 2012.

Indian cricket team was clueless against the visiting team from England. Likewise, Indian policymakers are clueless to address the challenge of reviving economic growth. Both face a long road to recovery, provided there is recognition that core values and ethics that underpin a nation and its cricket team have been grievously eroded in the last decade.

Vivek Sengupta

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Say no to naysayers

The government must move boldly to adopt genetically modified food crops



Lee Stone

Those of us who are old enough to have been around in the 1960s will recall that the middle years of that decade were a period of national shame. Not just because the memories of the humiliating defeat at the hands of China in the 1962 border war were still fresh. Those were the years of acute food shortage in the country, particularly in the state of Bihar, which experienced famine like conditions in successive years.

Mass starvation was averted through the import of massive quantities of American grain under Washington's Food for Peace programme also known as Public Law (PL) 480. Dependence on

PL 480 grain was a constant reminder that the nascent country had failed its people and that the US had bailed it out.

And yet within years, thanks to the genius of our agricultural scientists and the sagacity of the political leadership of the time, which backed certain bold initiatives, food shortage, which was once endemic, became history. The Green Revolution had saved India.

Forty years down the road, India faces a moment of truth once again due to another crisis in the farm sector. It is a multi-dimensional crisis and its severity is not widely appreciated. Yields have plateaued; landholdings are getting

smaller; the pressure on land is ever increasing; climate change threatens to hurt agriculture in the heartland of the old Green Revolution; and food prices have shot through the roof, especially in recent years. To complicate matters, the Centre's welfare programmes, though well-intentioned and perhaps effective in many ways, have already upset the balance of forces in the economy of rural India.

A slew of reforms are needed to help put the derailed farm sector back on the rails. But two initiatives can make a significant difference if policy-makers make the right moves. One is promoting the organised retail sector by carrying out a series of inter-related reforms. The Government has made a beginning by permitting foreign investment in multi-brand retail. Much more needs to be done. Cumulatively, such reforms have the potential to transform the entire farm to fork value chain.

The other area where policy-makers can play a transformational role through bold moves is the adoption of genetically modified (GM) food crops. Crop biotechnology can lead to dramatic results. Bt Cotton has been a runaway success in India in just ten years. This success can be replicated in food crops ranging from the maize to pulses, oilseeds, rice and vegetables, including brinjal, on which there is currently a moratorium.

The most common genetic enhancement of crops gives them superior resistance to pests and an increased tolerance to herbicides. While they may not lead to direct yield increases, the farmer spends less on pest management and his profitability increases significantly. But there are other technologies in the pipeline that enable GM crops to use soil

nutrients better, help them to grow with far less water than is needed now and give them protection against temperature fluctuations. There are yet more technologies that tweak the profile of grain to deliver more nutrition. These technologies can lead to increases in yield while at the same time cutting down input costs for the farmer.

Considering that the commercialisation of GM food crops first took place no earlier than 1996, it is amazing how their acceptance has skyrocketed. By one estimate, 16.7 million farmers around the world grew GM crops during 2011 and developing countries grew close to 50 per cent of those crops. The US from the developed world and Brazil from the developing world are global leaders in GM food crops. It beats reason as to how GM food that is health-wise acceptable to the people of the US and Brazil should be unacceptable to the people of India.

But this means nothing to the Luddites, environmentalists and anti-private sector activists, who are hell-bent on seeking to stall, slow down or roll back the acceptance of GM food in India. They prevailed on the former minister for environment to order a moratorium on BT brinjal. Most recently, they have taken the matter of GM food crops to the Supreme Court through public interest litigation. In November 2012, a technical evaluation committee set up by the Court recommended, in its interim report, a 10 year moratorium on all field tests on GM food crops. The Court displayed sagacity in refusing to accept the recommendation, saying that it would like to hear the views of all stakeholders before proceeding and has asked the expert committee to present its final report within six weeks.

Any GM crop technology is subjected to intense regulatory scrutiny, including thorough risk assessment before it is released for commercial use.

The most common genetic enhancement of crops gives them superior resistance to pests and an increased tolerance to herbicides.

Pharmaceutical drugs too have to undergo stringent regulatory testing before they are cleared for manufacture or marketing or both. The rigorous implementation of a stringent regulatory framework can go a long way in assuaging public apprehensions on this issue.

The Government of India has taken a very strong stand in its affidavit to the

Court. It has said if that if there is a moratorium on field trials, it would take India back by 20 years and strike a blow against the Government's efforts at feeding the country's growing population.

But submitting such an affidavit is not enough. The Government's true test would be whether, in the coming days, it yields to its natural proclivity to pussyfoot or it displays the same aggressive commitment to GM food that it did to FDI in retail. Future generations will not forgive us if the Government does any less. Think again of the Green Revolution and recall the role played by Bharat Ratna C Subramaniam, then Union Food and Agriculture Minister. It was he who took the political decision to go for high-yielding hybrid wheat seeds and, in the face of objections from many scientists and the Finance Ministry, pushed for the import of seed from Mexico. Had he listened to naysayers and not taken many such bold decisions, we would perhaps still be leading a "ship to mouth" existence.

Sushobhan Mukherjee

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The first Twitter non-war

The social web in the Gaza conflict

Riku Lu



It is ironic how social media, a tool primarily of individuals, brands and businesses, has made its way into the latest armed conflict in Gaza. Especially when a social media command centre was used by the Israeli Defense Forces (IDF) to mount their cyber-war. Since this is a war of narratives, words become central to the discourse.

Carl Philipp Gottfried von Clausewitz left his magnum opus, *On War*, unfinished, when he died in 1831 at the age of 51. Militaries across the planet used his work as a textbook and even adversaries who usually lined up against one another, were ardent students. About 150 years later,

Clausewitz entered the marketing arena, with the publication of *Marketing Warfare: How to Use Military Principles to Develop Marketing Strategies*. After this publication *On War* had a new set of disciples- businesses building brands, using the lexicon of the military to devise strategies to wrest market share. When social media arrived, big businesses borrowed another military term: Command Centre, to describe where and how brands waged marketing warfare in a new arena. Life, theories and lexicons do come full circle.

Armies and states in conflict have used propaganda for time immemorial. As newer forms of technology emerged,

armies modified their messages to fit these channels. One can recall embedded journalism, the CNN war and the Second World War radio broadcasts from Berlin. Bengalis and Azad Hind Fauzis would remember the *Aami Shubhash Bolchi* broadcasts from Singapore; others can recall leaflets dropped from the air... larger than life condoms shipped by the USA to the then USSR. All of these were one way – from one state agent to their enemy. This has seen a significant change with social media. Propaganda is now a two-way, indeed a multi-channel affair.

The latest armed conflict in Gaza was the first Twitter non-war. Even though Facebook, Instagram, Tumblr, YouTube were all vehicles, it was Twitter that earned the naming rights. Interestingly, each of these is a vehicle of messages as well as a discussion platform.

Let us take a quick look at the opposing forces in this war of words played out in real time. In one end, there was the IDF. On the other, the military arm of Hamas and the al-Qassem Brigade. Alongside, individuals on both sides of the conflict who got into the act and thereafter, the entire world along with the section of the neutrals. (In case you missed the action, here is a great [collection](#) of the most significant moments on Twitter.)

The IDF wrested the initiative (after all they fired the first salvo and declared the conflict open), the resources, the budget and some would say, the legitimacy of being an official channel. From a declaration of war (or non-war) made on Twitter, to blow by blow accounts of eliminated Hamas activists, complete with well-crafted posters and digital assets, the IDF playbook was pitch perfect. They created persuasive content, distributed it across social

media channels, identified amplifiers for their content and responded to their enemies. And they were active every hour, as you would expect an army to be.

The IDF social media command center ([The Atlantic](#) and [Tablet](#)) received a lot of media attention. The IDF has a large communication department, divided into four, which serve messages to the media across the globe. One must commend the IDF for opening the kimono and showcasing the people at the helm or on the trigger. This degree of transparency is unprecedented in the history of propaganda and warfare, which is usually cloaked in doublespeak and shadows. Much has been made of the ‘popular’ and ‘youthful’ characters at the Command Centre. The IDF Spokesperson called out the advantage that digital native soldiers exposed and adept at harnessing the social web conferred upon the IDF operations. In sharp contrast, the al-Qassem Brigade remained in the shadows. They engaged in an exchange with the IDF on Twitter. First, it was a tit-for-tat, chest beating affair. Then, the narrative changed, initially with subtlety and eventually with brazenness, when the fight came down to the hashtags- #GazaUnderAttack vs. #PillarOfDefense. It is at that moment, when the social web came into its own. From being a war of narratives and angry words hurled at one another by combatants, Gaza and what was happening there became the focus of attention.

Sysomos, a social media monitoring service, have conducted an analysis of the buzz around the time of the conflict. Their findings are instructive. First, the social web was truly international. Almost every country was drawn into

the conflict, either as interested parties or partisans. Second, re-tweets and amplifications accounted for almost two thirds of the tweet volume. It is an open question if these were a direct result of shareable digital assets (images and videos) being pushed out by the official channels. Finally and most telling, descriptions rather than emotions ruled the social web. Sysomos constructed a buzzgraph of words and associations and this is what they found:

“In the words that came up in both of these I found it interesting that most of the words were more descriptive of what was happening and not personal feelings stemming from either side of the conflict. But at the same time, I suppose that supports the fact that most tweets were people Retweeting information about what was happening in the Gaza Strip as opposed to getting into heated debates about which side they sided with.” Read the rest of the analysis [here](#).

By conventional measures of ‘engagement’ (a military word used freely by marketers and business people), the IDF generated more column centimeters and minutes of TV coverage. Their operations were managed like a military ‘campaign’ (another word freely used by business people), resourced and operated with clockwork efficiency. Their messaging was customised by audience – within Israel and outside – right down to the name. #PillarofDefense was the word meant for international (non-Jewish audiences) while #PillarOfCloud, a Biblical reference, was used for its emotive content for Israelis (and the Jewish).

If one were to go by boxing rules, where decisions are made on points and ways

of tackling, the IDF was not a clear winner. They were forced to adapt their messaging strategy. It started off with an arrogant declaration of ‘war’, rising to a crescendo with the ‘eliminated’ poster, to an amateurish attempt to internationalise the trauma of rocket attacks, to pointing out the errors in the messages put out by the other side – they were also always having to modify their narrative. Finally, the minute the narrative shifted from Israel’s defence to

On the social web, it is the amplification and personal resonance, which makes all the difference.

the sufferings in Gaza, the IDF was on the backfoot. If you were far away in Japan, chances of your knowing the depth of the Israeli cause were probably remote; yet, the emotive content of a relentlessly pummeled Gaza drew in popular support. On the social web, it is the amplification and personal resonance, which makes all the difference.

“War is a continuation of politics by other means”, said Clausewitz. In the world he inhabited and fought in, politics was owned by states. In the brave and complex world of the social web, politics belongs to the individual and all the other individuals that person is connected to. Organisations with resources can set the ball rolling, it is the individuals who resonate, who will own the effects.

Mukul Asher

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How India can step back from a fiscal precipice

Take credible measures to make India's public finances sustainable

Meena Kadri



The first sentence of the September 2012 Report of the Committee on Roadmap for Fiscal Consolidation, set up by the Ministry of Finance, India (known as Vijay Kelkar Committee Report) begins with the following sentence. “The Indian economy is presently poised on the edge of a fiscal precipice...” In a statement to the Parliament on December 14, 2012, the Union Finance Minister stated, “if we do not succeed in

fiscal consolidation, there is a risk of rating downgrade to junk status. We cannot afford that”.

The Reserve Bank of India, RBI, in its July 2012 monetary policy review reiterated its concern about lax fiscal policy, poor public financial management and non-monetary policy induced slowdown in investments.

The above statements underline the gravity and urgency of undertaking credible and substantive measures towards making India's public finances sustainable within the next two to three years. The current global economic environment has substantially increased the risk of inaction when public finances are perceived to be unsustainable, as evidenced by the experiences of Greece, Spain and other countries. It has reduced the distinction between domestic policies and their outcomes and external policies. Each is interlinked and affects the other. For India this aspect is even more relevant as its current account deficit in the balance of payments (which reflects the difference between receipts from exports of goods and services and certain transfers, such as net remittances, and net tourism receipts on the one hand, and expenditure on imports of goods and services, including import of gold on the other). India's current account deficit exceeded 4 percent of GDP during the January-June 2012 period, a level considered well above manageable level of less than 3 percent of GDP.

India thus needs to address both, the high fiscal deficits and the current account deficits simultaneously, severely constraining policy space and options, while sharply raising the economic, social, and geo-strategic costs of incompetent or inappropriate policy response. Managing domestic and international perceptions concerning macroeconomic policy credibility and competence is now an essential task not just of relevant policymakers, but also other private and public stakeholders.

Traditionally fiscal consolidation is analysed in terms of trends in fiscal deficits, and the trends in public debt to

GDP ratios. Globally, three percent fiscal deficit (broadly defined as tax and non tax revenues excluding borrowing, less current and capital expenditures) and public debt stock of 60 percent of GDP are considered manageable. India's combined deficit including both the Union and the state governments has consistently been high, and has been around eight percent in recent years. This is in spite of the increasing use of off-budget agencies controlled by the government such as the public sector banks, oil and fertiliser companies, LIC, (Life Insurance corporation of India), and EPFO, (Employees Provident Fund Organisation) to undertake quasi-fiscal operations.

The Fiscal Discipline Index computed by the 13th Finance commission as a ratio percent of own revenue-to-revenue expenditure shows a varying performance by the different states. The average of all states over 2005-06 to 2007-08 was 62.4 percent, with 19 states, more than half, exhibiting index value below the national average. Reducing this unevenness is essential for managing India's fiscal risks.

The average public sector saving between FY 05- FY 10 was only 2.7 percent of GDP (8 percent of Gross Domestic Saving) while the corresponding figure for public sector capital formation was 8.5 percent of GDP (24 percent of the Gross Domestic Capital Formation). Such a large mismatch implies that the public sector is using household and business sector savings to finance its expenditure.

The above suggests that policy initiatives will need to be aimed at mitigating fiscal risk, rather than at traditional deficits alone. Fiscal risks includes risks arising from off budget

transactions from accrued liabilities which are not recorded under cash accounting system, such as accrued pension and health care benefits, and contingent liabilities arising from implicit and explicit government guarantees and others.

policy initiatives will need to be aimed at mitigating fiscal risk, rather than at traditional deficits alone.

Even after significant reduction in public debt to GDP ratio from 81 percent in 2004 to 64.1 percent in 2010, India's public debt levels remain high. Slower real GDP growth (the current Union government policies have significantly contributed to lowering potential growth to 5.5 to 6.5 percent range from earlier 7 to 8 percent rate); and fiscal slippages reflected in continuing high deficits, including persistent revenue deficits implying current revenue does not even cover current expenditure such as salaries, pensions, and increasing entitlement-based subsidies suggest rising public debt to GDP ratios, as well as higher fiscal risks.

India has so far been able to sustain its public debt levels and fiscal risk due to several reasons. Overwhelming proportion of India's debt is internal (90.4 percent as at end September 2012, a decline from 93.3 percent in 2010); importance of state-connected financial entities in ownership of debt; relatively longer maturity periods, and through

not permitting financial institutions to pursue market-based opportunities, called "financial repression". But these devices are increasingly less effective and desirable as India's integration with the world economy become larger and more intricate; and as India's GDP increases at about 12 percent nominal rate from a current level of USD 1800 Billion.

The additional areas requiring policy measures include improving on low level of cost recovery on social and economic services as emphasised by the 13th Finance commission; rationalising petroleum and energy related pricing and other policies; improving tax administration and compliance efficiency; improving outcomes of subsidies and tax expenditures; greater competence in undertaking divestment and in auctioning of key property rights; and using government assets more productively.

In conclusion, managing India's public debt sustainability and fiscal risks and achieving fiscal consolidation will require greater focus and competence in public financial management by the Union, State, and Urban and Local governments. Technological fixes such as use of Aadhar cards, or in the manner in which benefits of government schemes and programs are delivered (such as the Direct Benefit Transfer providing cash as being experimented with for some schemes in select districts), are unlikely to be effective in achieving fiscal consolidation. Wide ranging and substantive improvements in public financial management will require supply side reforms, and a growth strategy, which enables benefits of knowledge economy to be realised.

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Exercise caution in dealing with Pakistan

Normalisation of relationship with Pakistan must also yield tangible benefits to India



Anne

Over the last few months, there has been substantial momentum in engagement between India and Pakistan. Visa regimes have been liberalised and a Joint Business Council has been established, involving business leaders of both the countries. The newly inaugurated check post at Attari provides another avenue for trade between the two countries and Pakistan's president Asif Ali Zardari even hosted a Diwali dinner for the

visiting chief minister of Bihar, Nitish Kumar.

Given these developments, one could be persuaded to thinking that Pakistan's antagonism towards India has decreased, thus behooving India to be more accommodating of Pakistan. There are suggestions that India can further gain Pakistan's confidence through an official visit by prime minister, Manmohan Singh, or by being more conciliatory on border or territorial issues. Supporters of such

narratives argue that India and Pakistan can gradually build on each other's trust through trade. Indeed, some in India already see Pakistan's acquiescence to discussing trade, independent of its stated "core issue" of Kashmir, as a sign of a changing mindset in Pakistan.

However, before a case can be made for benevolence towards Pakistan, a closer examination of Pakistan's positions on relations with India is necessary. Reconciling the divergent positions that India and Pakistan hold on issues requires accommodation; and accommodation cannot be the sole responsibility of India. In fact, there is a very good case to be made for India to expect Pakistan (as the weaker power, and one that operates with considerable strategic disadvantages) to be more accommodating and conciliatory.

It is here that we must put the government of Pakistan's words and deeds on improving ties with India into proper context. Some writers suggest that Pakistan agreeing to grant India MFN status will be a sign of a more amiable Pakistan. But this is a false proposition for two reasons: first, by granting India MFN status, Pakistan will only be fulfilling (belatedly, by about two decades) its commitments as a WTO member, and second, it is almost exclusively Pakistan, not India, that will benefit from the removal of excessive trade barriers. This, then, is not accommodation, but the rational actions of a government attempting to salvage its failing economy.

This is not to say that India must not normalise relations with its neighbours. Clearly, it is important to do so, and to the extent that trade can be an engine in this normalisation process, efforts that bolster bilateral trade must

be encouraged. But these efforts must also yield tangible benefits to India. In terms of trade, India's primary interest in Pakistan is its proximity to Afghanistan and Central Asia. India has pledged more than \$2 billion to reconstruction efforts in Afghanistan; however, as it does not share a land border with Afghanistan, most of India's goods enter the Afghan market by sea – either through the Iranian port of Chahbahar or Karachi, in a limited manner. The option to trade with Afghanistan via land through Pakistan is vital to India's ability to fulfill trade commitments in an economically feasible manner. However, Pakistani suspicions on Indian intentions have delayed a workable solution that could benefit not only India and Afghanistan, but also Pakistan.

Similarly, Pakistan's location and proximity to energy-rich Central Asia could potentially be of benefit to India. However, energy supplies routed through Pakistan could be targets of attacks, either with or without the sponsorship of the Pakistani state. Pakistan, while interested in joint energy pipeline projects with India, has been unable to assuage these fears. Indeed, if persistent attacks against NATO trucks in Balochistan are any indicator, India's misgivings are not without justification.

Further, if Pakistan's accommodation on issues of trade is minimal, it is largely unyielding on issues related to border disputes with India. Articles in the mainstream media and papers presented at Track-II moots put forth solutions for resolving the Siachen dispute which involve Indian withdrawal from Siachen/Saltoro Ridge or creating a "peace zone" for joint weather studies. But given Pakistan's

historical proclivity for adventurism in Kashmir and the growing Chinese presence in Gilgit-Baltistan, such suggestions can hardly be entertained.

On terrorism, Pakistan's position vis-a-vis India remains unmoved. That there

Pakistani suspicions on Indian intentions have delayed a workable solution that could benefit not only India and Afghanistan, but also Pakistan.

haven't been any recent large-scale attacks is not evidence of a lack of intent. Training camps continue to exist across the border. The 26/11-court case in Pakistan has dragged on since 2008, with four different judges having been assigned to the case and then surreptitiously removed. While Zaki ur-Rehman Lakhvi and six others are in custody, LeT's emir, Hafiz Saeed, continues to operate freely in Pakistan, organising rallies against the U.S. and India, and delivering keynote speeches at the Lahore High Court. There are suggestions now in Pakistan's media that the 26/11 judicial proceedings could be negatively impacted with the execution of Ajmal Kasab in India.

Clearly, these are not signs of a country desirous of pursuing peace with any level of assiduity.

Finally, India need not take hasty decisions today that could negatively impact our national security in the future. India must evaluate evolving scenarios of a post US Afghanistan in 2014. Pakistan believes it can ensure that the reconciliation process in Afghanistan ends in its favour. But Pakistan's vision for Afghanistan sees Indian involvement in that country as inimical to its interests. The downgraded American presence in the region after 2014 may result in decreased financial largesse to Pakistan, increased reliance on drone attacks and inevitable sanctions.

How Pakistan intends to respond to these challenges remains to be seen. Historically, Pakistan has tried to retain American interests by injudiciously acting on Washington's fears; these included expanding its nuclear weapons program, proliferation, terrorism and war with India. Alternatively, Pakistan could seek to offset decreased financial assistance through a greater reliance on China and through genuine attempts at reconciliation with India. If Pakistan chooses the latter, India should not be found wanting in reciprocating. If chooses is the former, we must not find ourselves regretting compromises made to our national security in moments of overzealousness.

SARAH FAROOQUI

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Child's play

Weak implementation of laws governing child protection services in India

Jennifer Kirkland



The term “vulnerable populations” in India includes children in need of care and protection, vagrants, mentally challenged individuals, physically handicapped, women (single — unmarried/widowed or abandoned), senior citizens, disadvantaged scheduled caste, inter-state migrants, among others and is expansive in its geographical spread. On paper, the preservation of their security and sanctity has been delved into deeply by the exhaustive constitutional, legal and policy framework of the country. But the reality reveals a generic three-pronged problem which these people face.

First, the implementation of most laws and policies concerning them is flawed and ineffective. Second, while great attention is paid to the construction and later de-construction of the laws and policies, little attention is paid on studying the implementation loopholes, and on designing pragmatic solutions to rectify them. And third, these cases are usually ignored until a glaring accident is thrust into the media spotlight.

Even within this group, the plight of vulnerable children in ‘Need of Care and Protection’ gets the least attention. Vulnerable children have been defined as those abused and exploited, orphans

or abandoned, mentally or physically challenged, trafficked or working, addicted to substances, whose families are in crisis, and children who are in conflict with the law.

The child protection mechanism in India is multi-dimensional. The umbrella law covering all children in the country is the Juvenile Justice Act, 2000 which got amended in 2006 and 2010. This Act divides child population into two categories: Juvenile in Conflict with Law and Child in Need of Care and Protection. The law details every aspect of child protection within the country — the Child Welfare Committees (CWC), their members and functions along with the measures to be taken for rehabilitation and social reintegration of the children. So detailed is this Act that when it mentions the types of institutional and government run homes for children, it even gives specific size and shape of the rooms.

The Juvenile Justice Act is implemented through a policy called The Integrated Child Protection Policy (ICPS) which is a centrally sponsored scheme of the Government-Civil Society Partnership. This scheme merged four previously existing schemes and is implemented in many states through an official government-NGO partnership. There are also parallel laws and policies which deal with different aspects of child protection: The Child Labour (Prohibition and Regulation) Act, 1986, The Factories Act, Immoral Traffic Prevention Act 1986, The Protection of Children From Sexual Offences Act, 2012, and the Right to Free and Compulsory Education Act, 2009. Other government departments like Education, Health and Labour also work

with the department of Woman and Child Development in each state.

Each of these much detailed laws emphasise the importance given to child protection in India at the apex level. One needs to only mildly scratch the surface and the puerile loopholes within the implementation become evident.

One, there is a desperate need to intensify the role of the child protection services within the police units.

According to the Juvenile Justice Act, the police have to establish a State Juvenile Protection Unit (SJPU) at the district/zonal level. Every Police station is also to have a Child Welfare Officer whose rank would be of an Assistant Sub-Inspector or any rank as appointed by District or Zonal Nodal Officer. On paper, this seems a well-organised set up but in practice, the picture is distorted. An example of this can be seen in the present situation at police stations across Karnataka where each station is to have a District Child Protection Unit. On interaction with members of the police department, one realises policemen placed within this unit are unaware of their position, as it is an additional responsibility to their existing portfolio. There is also dearth of skilled and dedicated expert staff to deal with children. Almost all members of the police unanimously agree on the need to separate the special divisions for child protection in each police station with specialised and independent staff.

Two, the state of the government funded juvenile shelters and homes needs urgent attention from civil society organisations, research agencies and government advisory bodies. The Juvenile Justice Act directs that a majority of these homes should be run on a Government- NGO partnership.

Many experts feel that this dilutes the role of the government and literally allows it to dispose its responsibility onto private agencies. The state of these homes is neglected and basic amenities like running water in bathrooms, usually ignored. The children often escape the compounds of these homes by jumping off walls, climbing out of the windows and breaking the gate locks. While the Juvenile Justice Act goes on to prescribe the standard norm for each kind of institution, it rarely gets implemented in most places.

They prefer a hungry life of vagrancy on the streets than being controlled by a state apparatus, which they do not understand, and one, which doesn't communicate with them.

Three, there is an inordinate need for experienced psychiatrists, counsellors and health experts to deal with these children. These children face problems related to sex, drugs, bullying, peer pressure, alienation, emotional trauma, academic pressure, domestic abuse and violence. Most of them come from abusive homes, are runaways, have been sexually exploited and carry trauma which they do not know how to deal with. While the institutional homes have superintendents and care takers, they are almost never professionally capable

of handling sensitive cases. Most homes even lack translators who can speak the mother tongue of the rescued child.

Four, there is a growing communication gap between the government and the children dependent on it. Most vagrant young adults look at the government as a monstrosity that will clip their independence and place them within the confines of a prison life; hence they do not look at government run shelters and homes as places of security and livelihood. When the police pick homeless children from pavements, bus stops and railway lines, they usually try to escape from the institutions they are placed in. They prefer a hungry life of vagrancy on the streets than being controlled by a state apparatus, which they do not understand, and one, which doesn't communicate with them. This can be overcome by police initiatives, distributing pamphlets, educating children about laws and rights pertaining to their well being and advertising schemes such as the 1098 CHILDLINE service. The need to raise general awareness about child protection in the society must accompany these steps.

Instead of concentrating solely on the creation of new laws pertaining to vulnerable children, there is a need to assess and rectify the existing ones. The basic implementation aspects of existing laws demand greater attention as they immediately impact the minor population at the receiving end. It shouldn't need a 'Baby Falak' or 'Baby Afreen' to start discussing all that is going wrong in the implementation of our child protection services.

Deepak Shenoy

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Cut up the RBI

RBI performs many functions that are at odds with it being a bank regulator

Wen-Yan King



The Reserve Bank of India (RBI) has been a regulator of acclaim, and as regulators all over the world have become more significant to their economies, their role has come under greater scrutiny. In general, the RBI sounds like a bank regulator, but it performs many functions that are at odds with being a bank regulator. It is time now to separate those functions into independent bodies, which need to be just as transparent, or in many cases, even more. Here are the functions we need to spin off into separate bodies.

Liquidity and Monetary Authority

The RBI controls the money supply of the country by being the only authority

that can print currency notes. However banks, by virtue of their ability to take deposits and lend money, create more money. Imagine that you had just one bank and I deposited Rs 100 in it, of which it lends you Rs 90, and you deposit that Rs 90 back into the same bank; and then another Rs 80 of that money is lent to person C who, again deposits it back. There was just Rs 100 to begin with, but now I think I own Rs 100 (my deposit in the bank), you think you own Rs 90 (your deposit) and person C has Rs 80, for a total “money” in the system of Rs 270 – essentially with just a 100 rupees, the money has ‘multiplied’. A central bank must regulate this money

supply, printing more when required, and removing excess liquidity when needed.

The RBI needs to continue this function, since this is the essential function of a central bank. It will then need to track inflation and growth to see how to regulate the flow of money (and the money 'multiplier' effect). The tools to do this include RBI's bond purchases (currently managed through Open Market Operations (OMO) auctions), managing Cash Reserve Ratios (a percentage of deposits that banks must place with the regulator) and maintaining interest rates.

However the tools that must go out of the RBI basket are direct market based dollar purchases by the RBI, and purchases of other items such as gold or IMF deposits. We will look at this later.

Bank Regulator and Deposit Insurer

The RBI tracks how banks lend and borrow, and maintains requirements such as priority sector lending, sector concentration, group lending limits, ownership of certain types of instruments, and so on. The RBI also provides 'insurance' for all deposits up to Rs 100,000 in any bank.

Moving this out of the ambit of the RBI and into a separate bank regulator is a good step. A bank regulator will also be the ombudsman, dictate bank regulatory reporting, set risk and capital ratios and perform a macro-level validation of banking functions.

This regulator can be separate from the monetary authority and work closely with the RBI to ensure that banks are properly regulated. In fact, given the way systems work today it would be useful to merge the regulation of banks

with markets (SEBI) to make a single larger regulatory body.

Merchant Banker for the government

The RBI currently helps the government

Cutting up the RBI into more sensible, independent parts is likely to result in better regulation and more transparency.

– both centre and states – borrow money through government securities auctions, which are conducted nearly every week. The RBI appoints and monitors "Primary Dealers", who will find customers like banks, mutual funds or insurers to buy the bonds being auctioned and also underwrite the auctions (that is, buy those securities that others will not bid enough for).

There needs to be a separate debt management office because of the obvious conflict of interest, between the RBI as a regulator, the RBI that sets monetary policy and the RBI that sells you government securities. The debt management office will need to be created out of RBI resources to reduce friction, and run as an independent, transparent institution (that is, with no political interference). It will have to work closely with the central bank.

One of the reasons that banks are required to have a high Statutory Liquidity Ratio (SLR) is that this provides an automatic subscriber to government bond auctions, thus crowding out private borrowing. With a

separate debt management office, debt issuances could be provided to different layers of participants – such as foreign players (who currently have to beg and plead to buy Indian government bonds) or even retail public (who can't directly buy from the RBI without jumping through many hoops). This can reduce borrowing costs, open up rupee bonds to overseas investors (a step the RBI has been reluctant to do due to other considerations), and allow technology improvements such as inflation linked bonds, annuities and tax-free state bonds (the very steps the RBI takes years to bring to fruition).

Additionally, the government bond trading platform will need to be set up as a separate entity. It currently runs as a part of the RBI, which again, has no business running the platform, being the merchant bank, and also the regulator.

Currency Trader and Forex Reserve Manager

The RBI openly trades in the currency market. In the process, it might print more rupees to buy dollars, or sell dollars and 'extinguish' rupees from the system. This impacts monetary balance, and is a very non-transparent measure. (The RBI doesn't reveal its activities until a few months have passed, and the impact to the country's economy can be substantial as it prints rupees to buy dollars. It has done so in the last decade, and in my opinion is partly responsible for the sustained inflation we see today.) Additionally this distorts that market for all players – for instance, the RBI places large OTC orders to a bank at 5 PM, thus causing massive movements in the market by a regulator; such moves by someone who can print currency are an abuse of power.

A different agency to manage the country's foreign exchange reserves would be a more prudent measure. As the Indian rupee gets freer, it may not be necessary to maintain large foreign exchange reserves, and indeed setting up swaps with other countries with the INR as one currency, through a Forex Reserve manager will serve any short term imbalances. The Reserve Manager will be a public body that issues bonds regularly, and RBI will buy its bonds in an auction where every other participant will be able to buy as well, including retail players. A transparent auction will ensure that any additions to money supply (due to the RBI's purchase of such bonds) will be visible immediately.

This agency can buy gold as well, backed by bonds auctioned on a regular basis.

While the RBI has been lauded for holding India up through the times when the West has faltered, its size, reach and power have also stymied some of our growth, because of considerations that indicate an inherent conflict of interest. With onerous Know Your Customer requirements that only hurt the poor, unnecessary restrictions on payment systems, a lax attitude towards opening new markets or freeing the rupee and a reluctance to magnify the banking field by giving more licenses, we have an entity with, if I may say so, too much power and too little action. Cutting up the RBI into more sensible, independent parts is likely to result in better regulation and more transparency. However, care must be taken that its independence remains so and is not misused by governments to push their own agenda.

Ajay Shah

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From outrage to action

Understanding the dismal state of law and order needs dispassionate analysis



There is fresh rage on the dismal state of law and order in India today. That rage is entirely appropriate. What has happened in India is a disgrace. The interesting and important question is: How can the problems be solved?

Moral outrage does not lend itself to good policy analysis. As with the problem of corruption, the problem of law and order requires sophisticated thinking. Anger and outrage, coupled with amateur knowledge of political science and public economics is a sure path to poor policy analysis. What

matters is shifting anger to analysis and action. Many angry citizens are asking for draconian penalties for rape. But if laws are modified to prescribe this, then rapists are more likely to kill the victim so as to reduce the probability of being caught. The immediate impulse to do something often leads us to weak answers.

What would it take to make the police and courts work better? The three ingredients that are required are incentives for politicians, resources and feedback loops.

Incentives for politicians

Politicians will deliver law and order if they think that this is what will get them re-elected. Politicians in India have always felt that the way to win elections is to focus on welfare programs for the poor. As long as this is the case, the dominating narrative will be of poverty, inequality, and welfare programs.

In all thinking about governance, it is useful to distinguish between “public goods” and “private goods”. Public goods are those that are “non-rival” (your consumption of safety does not reduce my consumption of safety) and “non-excludable” (it is impossible to exclude a newborn child from the environment of safety). The legitimate purpose of the state is to pursue public goods. All citizens gain from public goods and all voters should respond to these benefits. The first and most important public good is safety, which requires building the army, the police and the courts.

The Indian State has instead concentrated on building welfare programs, of government giving private goods to marginal voters. The priority of the Indian State is the theme of poverty, inequality and welfare schemes. Politicians need to understand that this impairs the nation. The pandemonium in Delhi over the last few days shows the need for upgrading the priority of law and order in the eyes of the politicians and making it the primary concern.

There are undoubtedly problems in the leadership and management structure of the police. Once the politicians want law and order, it will drive them to recruit the leadership that is required and undertake structural reforms, so as to get the results. As an example, look at

how the politicians broke with PWD and setup NHAI. Similarly, it was politicians who set up the Delhi Metro. The question that matters is: Do politicians want law and order? From the 1960s onwards, the minds of politicians have been addled by welfare programs.

If a certain amount of money is spent as a gift on a few marginal voters, it makes a difference to winning the elections. If that same money is spent on public goods, (e.g. better safety for all) it should make bigger difference to winning the elections since more voters gain. The question is: Do politicians understand this and act in response? Some believe that voters in India have been shifting from identity politics to welfare programs to *bijli-sadak-pani* (electricity-roads-water) in their priorities. The important issue for voters should be public goods.

Resources

The second issue is resources. India needs much more staffing in the police and the courts. This includes both technical staff (e.g. constables and judges) and support staff (e.g. clerical staff, operators of computer systems, etc.). Courts and police stations need to be high quality workplaces with air conditioning, computer systems, modern office equipment, canteens, web interfaces to the citizenry, lighting, toilets, and the likes. The police require a certain standard of living. If they live and work out of quality houses and offices, they will be improve both in terms of the quality of the intake and in terms of how their behaviour evolves on the job.

As Robert Kaplan says, under-development is where the police is more dangerous than the criminals. One

element of this is the biases in recruitment. The police needs to evolve into a more sophisticated work force, with gender, ethnic and religious diversity that reflects the cosmopolitan structure of the populace.

The first and most important public good is safety, which requires building the army, the police and the courts.

Changing all this will cost money and India has very little of it. Every rupee that is spent on public goods has to come out of the spending on welfare programs. Improving the police system and the courts will require cutting back on welfare programs. Voters are likely to prefer the outcomes when money switches away from the UPA's "flagship programs" to public goods. At present, spending on police and courts (which are core public goods) is classified as "non-plan expenditure" and is treated negatively. Spending on private goods like welfare programs is classified as "plan expenditure" and grows lavishly year after year. In the UPA period, plan expenditure has gone up by four times in 10 years and these priorities need to be reversed.

The other critical resource required is the time of the top management. The simple question that I would like to ask Sheila Dixit or Manmohan Singh is: What fraction of your time do you devote to public goods? My fear is that the bulk of their time is spent on welfare programs. When the top management is

not focused on law and order, safety faces a severe degradation.

Shifting the spending on public goods away from welfare programs is not a bad thing for the poor. The lack of safety is a regressive tax: it hits the poor more than the rich, who are able to insulate themselves from criminals, police and courts. It is the poor who are ill-treated, both by the criminals and the police.

Feedback loops

Contemplating law and order in the country requires measurement and quantitative analysis which at present is very poor. We need a Management Information System (MIS). In many parts of the country most theft, murder and rape cases are not reported to the police. In this situation, we have no details or statistics about the crimes taking place. What you measure is what you can manage. Our first priority should be to setup [crime victimisation surveys](#).

The Bombay police can be held accountable once we get a graph updated every month about the crime rate in Bombay, supplemented by quarterly data from crime victimisation surveys. This would generate feedback loops whereby one can judge whether Sheila Dixit has improved law and order in Delhi on her watch. In turn, she will also have the incentive to recruit the finest leadership for the Delhi police, to resource them adequately and to get things done.

Why are these good things not getting done?

There are three opinions about what has been going wrong.

The first lies in the incentives of politicians. Why do politicians pursue private goods for a few when they can

instead spend money on doing public goods that benefit all? Why does democracy not push Indian politicians towards the Centre? I think one element of the answer lies in first-past-the-post elections. Today in India, winning elections does not require pleasing all voters; it only requires a base of 30 percent of the voters. This gives politicians a greater incentive to dole out goodies for the 30 percent and not work on public goods that please all voters. This reduces the prioritisation for public goods.

The second issue is that of urban governance. The defining challenge for India today is to make its cities work. But our constitutional structure is confused on the location of cities versus states. The feedback loop from the voters of Mumbai do not drive improvements in governance in Mumbai.

The third issue lies in the intelligentsia. Western NGOs, aid agencies and the World Bank are focused on inequality, poverty and welfare programs. This generates incentives for individuals to focus on these issues owing to the funding stream and career paths associated with such organisations. These large funding sources and career paths have generated a distorted perspective within the Indian intelligentsia. We need more minds in India who think in terms of the basic principles economics and political science, without the distortions that come from the worldview of development economics. We blame politicians in India for being focused on welfare programs. But to some extent, the intelligentsia influences them. It is the job of the intelligentsia to hold their feet in the fire, and hold politicians accountable for public goods.

Amol Agrawal

Amol Agrawal blogs at Mostly Economics

PARETO

Applying Behavioral insights in design of public policy

SAUGATO DATTA and SENDHIL MULLAINATHAN have written a comprehensive review showing how behavioral research findings can be applied to make public policy more effective. The authors assert that applying behavioral economics is not simply about intuition or about trial and error. It is a scientific, systematic approach to defining, diagnosing and designing solutions to problems in many different areas.

Behavioral economics helps program design in three ways.

First, it changes how we diagnose problems. For example, we are usually tempted to conclude that parents do not understand the value of vaccination. Behavioral economics suggests that perhaps they don't get around to doing it.

Second, it changes how we design solutions to problems. For instance, Simple things like reminders can have desired impact on behavior.

Third, it changes how we define the scope of the problem. We often focus on access like "make sure people get the drugs they need at low cost". Behavioral

economics suggests "Make sure that people actually take the drugs they are given".

Behavioral economics is also based on a key economic concept i.e. scarcity and in this case it is of mental resources. They point to four such scarcities of human mind and seven principles to address these scarcities.

FDI (Farmers Direct Investment) in development of Magarpatta City

Indian citizens have wondered about the meaning of FDI (Foreign Direct Investment) in recent times because of political furore over liberalisation of FDI in retail. Professor AMIT GUPTA of IIM Bangalore along with three Co-authors point to a very different kind of FDI- Farmers Direct Investment.

The case revolves around a section of farmers based in Pune who built a township named Magarpatta City on their land holdings. Magarpatta City covers 430 acres of land that was owned by about 120 farmer families with 800 individuals. These farmers joined together to form the Magarpatta Township and thereby realising their dream of converting their land into a value-added finished product that gave

them benefits and returns in perpetuity. Magarpatta City was conceived as an integrated planned township with multiple commercial zones, residential neighborhoods, school, hospital, shopping malls, hotels, restaurants, and recreation areas. These were designed to be contemporary with futuristic features and included a state-of-the-art IT Park called Cybercity that provided international facilities to leading global IT giants.

The paper describes the process that the farmers went through to convert the raw material that they possessed (land) to Magarpatta Township. It illustrates the issues related to getting government permissions for a township, designing & constructing the township, marketing and financing the township and developing an organisation that can carry forward the process of replicating the success of this model of real estate development.

If the policymakers and farmers could identify more such indigenised FDI schemes, there might be more political support than the usually controversial Foreign aspect of direct investment.

Scheduling and conducting India's general elections efficiently — some lessons from Operations Research.

BODHIBRATA NAG of IIM Calcutta uses Operations Research techniques to make India's General elections more efficient. Constitution of India mandates Police to be responsibility of the States. However, average police-population ratio is only 133 police per 100,000 in comparison with average international ratio of 342. Therefore, Central Government maintains Central Police Forces (CPF) (Central Reserve Police Force, Border Security Force etc.) to

complement the State police forces (SPF).

In Lok Sabha elections, CPF is required to man the elections alongwith SPF. However, CPF numbers are not enough to man all the polling stations of the 543 constituencies at the same time. Therefore, General Elections are spread over different days with each day covering a few states. For example, the 2009 General Election was conducted in five stages from April to May. The movement of CPF from their bases to the polling stations in the different stages and their subsequent return to the bases is a gigantic exercise, requiring coordination between different agencies.

Hence, the author proposes a research methodology, which minimises the distance travelled by the central police forces and conducts elections in minimal time. While conducting the elections in phases, the following two principles are observed by the Election Commission to the extent possible: (a) Elections for all constituencies in a State are held on a single day (b) As far as preferable, elections for contiguous States must be held simultaneously. The proposed method attempts to incorporate both the principles in the model.

The paper divides the states into three cohorts based on above constraints and arrives at a way in which election scheduling could be made more efficient.

Hyperinflations are rare, but a breakup of the Euro area could prompt one

This is what ANDERS ASLUND argues in a note. There have been 58 episodes of hyperinflation so far. What are the common causes?

The most common cause is the collapse of a multinational currency union with competitive currency issue and large uncleared payments balances. No less than half (28) of the hyperinflations pertain to this category, notably to the collapse of the Soviet Union, Yugoslavia, and Austria-Hungary.

The second most common and the most natural cause is war or civil war, resulting in profound state dysfunction.

Another economic dysfunction is revolution—a time when any ordinary laws, whether of economics or gravity, are considered irrelevant. Examples are French Revolution, the Russian Revolution etc.

Populism as we saw in Latin America in the 1980s. The outstanding example was the indexation to very high rates of inflation as in Brazil in the latter half of the 1980s, when average annual inflation was 516 percent

Finally, there is the odd case of hyperinflation that started due to the sheer madness of an authoritarian ruler as in case of Zimbabwe. North Korea is arguably another case.

He points how European leaders should avoid the collapse of their union. Chances of hyperinflation post collapse are likely to be very high.

Corruption and nexus of real estate and politics... case of India

The nexus between real estate and India's politics has been known for a while in India. However, how to verify

this empirically? DEVESH KAPUR and MILAN VAISHNAV use a novel approach and track the cement consumption by real estate companies before and during elections to throw some light on the matter.

The logic is that Politicians and builders allegedly engage in a quid pro quo. The former park their illicit assets with the latter and the latter rely on the former for favourable dispensation. At election time builders need to re-route funds to politicians as a form of indirect election finance. Hence demand for cement should contract during elections since builders need to inject funds into campaigns. The authors show that cement consumption does exhibit a political business cycle consistent with this hypothesis.

They test other hypotheses as well. First, contraction in cement demand should be larger during scheduled elections compared to unscheduled elections. Second, the contraction in cement consumption will be more significant in national elections compared to state-level elections. Third, elections in some states coincide with national elections like in the case of Andhra Pradesh. In such dual election cases, the need for election finance will be greater. Finally, linkages between politicians and builders are likely to be more intense in urban states.

All the above four mentioned hypothesis also stand true apart from the main result.

Jayakrishnan Nair

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The missing prophets of 1857

Evidence proves that the “Anglo-Indian War” of 1857 was a carefully planned operation.



From the late eighteenth century to mid-nineteenth century, as the world changed through conquest, colonialism and capitalism, a set of people rose around the world, reacting against such changes. Ironically, global historians – historians who look beyond regional and local causes – call these men prophets in an ode to Abrahamic religions. During this period of

encounters and social changes, these charismatic leaders revitalised traditional ways and reorganised societies to challenge foreign institutions and ideas. Garnering support of broad swaths of society, they promised to restore lost harmony, bring in a new moral order, and a bright future. While global historians were able to find leaders for such movements in China,

Middle East, United States, Mexico and Europe, they missed the leaders of the First War of Independence in India and fell back on the same old narratives.

As we look at examples from around the world, we get to see some of the qualities and methods of these leaders who influenced fields as diverse as economics, politics and religion. Due to encounters with the Western world, new ideas circulated in the Islamic world and alarmed by the lax religious practices and attempts by rulers in Saudi Arabia and sub-Saharan Africa to model their administration along European lines, leaders arose to return Islam back to its pure form. In Saudi Arabia, this led to the rise of Wahhabism under the leadership of Ibn abd al-Wahhab (1703 – 1792) whose work still influences the modern world. In West Africa, Usman dan Fodio (1754 – 1817) too attacked unbelievers and false religions and his movement led to Islam becoming a majority religion in the Nigerian region.

During this period, leaders also provided political leadership and created larger states from tribal clans. As Africa became overpopulated and there was competition for cattle-grazing and farming lands, small family clans found themselves overwhelmed. This traditional structure which had existed for centuries could no longer cope with the changes brought by long distance trade. It was the right moment for a cruel and powerful leader like Shaka (1787 – 1828) to rise up, wipe out other clans and unite the winners into a large monarchy, which in turn led to the creation of the Zulu kingdom. In the United States of America, Native Americans had to compete for land with the European colonisers who forcefully took over their land. As a reaction,

groups under leaders like Tenskwatwa (1775 – 1836) and Tecumseh (1768 – 1813) exhorted their followers to renounce European goods and shun the missionaries. They tried to forge unity among native Americans, but were eventually betrayed by the British and left to perish.

In China, after a humiliating defeat in the Opium War that forced the country to open other ports to foreign merchants, there rose a fear of western power. During that period, as the rulers became inefficient, masses of people joined what is known as the Taiping Rebellion, motivated by a Christian leader named Hong Xiuquan (1813 – 1864). Like the Islamic leaders in Saudi Arabia and Nigeria, his goal was to return China to an era before it was corrupted by human conventions. Their war was not against the Europeans, but against the Chinese leaders who they thought were the main obstacle in obtaining God's kingdom on earth. Hong came up with a radical new system which basically countered all the established Chinese traditions, but in the end it was defeated.

Analysis of these prophetic movements across the world show that whenever there is a structural change – in religion or rebellions – it is triggered by a leader. These revolutions were not accidents, but the result of planned action by certain individuals who inspired the masses through messages, symbols and charisma. In the pantheon of prophets we see leaders like Jacinto Pat and Cecilio Chi who led the Mayans in 1847 by blending Christian rituals with Mayan beliefs, Charles Fourier who had a utopian socialist vision and Karl Marx who inspired many nations and their leaders with this theory of proletarian

revolt. While many such movements were defeated, the ideas they created lived longer.

But if one asks questions like how thousands of Indian soldiers marched successfully to Delhi without a supply line, it is evident that something is missing from the known narrative.

When global historians evaluate the “Rebellion of 1857” in this context, it is mentioned as an uprising which was sparked by the greased cartridge controversy. Compared to the other global revolutions, this one was not triggered by any prophet, but was a spontaneous uprising or mutiny and it was after the uprising happened that leaders came up. But if one asks questions like how thousands of Indian soldiers marched successfully to Delhi without a supply line, it is evident that something is missing from the known narrative.

New, as well as ignored evidence now tell us that the Anglo-Indian war of 1857

was a carefully planned operation. Leaders like Baija Bai Shinde, Nana Saheb and his Diwan Tatya Tope, Begum Hazrat Mahal, and the Nawab of Banda were involved in the planning using red lotus flowers and chappatis to count the number of soldiers and ensure the commitment of the villages along the army path. Letters translated for the first time in Parag Tope’s “Operation Red Lotus” reveal that Tatya Tope was aware of military movements, logistics and provisions.

Global historians cannot be blamed for this lapse because Indian historians themselves have not accepted this view. Then, misrepresentation of the war of 1857 is not new. Depending on the bias of historians, it had many interpretations. According to the official version by Surendra Nath Sen, it was a spontaneous uprising. Marxist historians marginalised the leadership and saw it as a peasant revolt. Another Indian historian wondered how it could be a war at a time when India was not a nation. Now we know that the leaders of the war of 1857 used symbols (red lotus) and messages (Azamgarh proclamation) similar to the prophets of China and USA, and promised a new moral order where people would have political, religious and economic freedom.

Thus, the Anglo-Indian war of 1857 doesn’t have to be relegated to a secondary status in the global prophetic narrative as it satisfies the criteria met by the others.

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